

# The American Challenge

*A Social Democratic Program for the Seventies*

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and  
The Young People's Socialist League

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# **The American Challenge**

## **A SOCIAL-DEMOCRATIC PROGRAM FOR THE SEVENTIES**

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## THE RENEWAL OF AMERICA

### I. Introduction

Our country must make a new beginning: The curtain has fallen on the decade of the sixties. Old slogans and battle cries grow faint; once fashionable radicalisms visibly fade; the tone and texture of political discourse perceptibly change. We have entered a new time.

What does democratic socialism have to offer the American people in the 1970s?

We offer a vision, a movement, and a strategy.

#### *The Vision . . .*

We offer a vision of a new society in which men are fully and democratically in control of their own destinies. We have no blueprint for such a society, but we believe it must rest on two fundamental principles:

The first is that men cannot fully control their destinies so long as the basic economic decisions affecting their lives are made privately or left to the random forces of the market. As radical as this principle may once have seemed, few people today seriously believe that private enterprise can eliminate our slums, provide housing for low-income families or sustain full employment. Each day, fewer people believe that the private sector can provide adequate health care. Increasingly, the American people look to government action to meet their needs.

Yet, the expansion of the public sector—for which socialists have fought alongside liberals and the labor movement—is constantly frustrated by the priorities of the private sector. Thus, the government can proclaim the goal of building 26 million housing units in 10 years, but when the banks raise interest rates, the goal is cancelled. So long as the flow of investment capital and the allocation of economic resources are overwhelmingly determined by the calculus of private profit, the workings of our economic system are in constant conflict with our proclaimed social priorities.

For these reasons, democratic socialists believe in the extension of social control over our economic life. This does not mean the occasional, piecemeal or helter-skelter application of public remedies to meet emergencies in the private sector—e.g., the bailing out of Lockheed or Penn Central. It means democratic social planning in which goals are set and timetables established for meeting these goals. To a large extent, such long-term (though not democratic) planning exists in the corporate world. In the public sector, however, we do not find it strange to proclaim the need for 26 million housing units or to define the extent of poverty, or to estimate the shortage of classrooms—without then developing plans to solve the problems. Much of the public's current disillusionment with the functioning of government springs less, we believe, from hostility to government intervention *per se* than from resentment



toward paying taxes for government programs that are not even planned to solve the problems they point to.

While insisting on the need for centralized democratic planning, we reject the notion that nationalization of the means of production is *in itself* a step toward socialism or even that it *necessarily* represents an extension of social control. We have seen ample evidence that government control need not be synonymous with social control—and, indeed, can be its opposite.

The second fundamental principle underlying the democratic socialist vision, therefore, is political democracy. We believe that democracy is the essence of socialism, and socialism is the ultimate extension of democracy. No society that lacks democracy can legitimately call itself socialist.

If the state is the agency of social control—that is, if it has nationalized the means of production—the question arises: who owns the state? If the state is, in effect, the political property of a minority—a totalitarian party, a bureaucratic caste, or an economic elite—then the means of production will be exploited in the interests of that minority. Under such circumstances, the abolition of private property merely effects the transfer of power from one class (the private owners of the means of production) to another (the political elite which owns the state).

Such a transfer is not a step forward but a step backwards, for it eliminates the one means by which a propertyless majority can exercise control over a minority which holds the reins of economic power—political democracy. It thus eliminates a precondition for socialism.

How is the principle of democracy, which we prize in our political life, to be extended into our economic life? The answers are not inscribed in any holy socialist text. We offer no panaceas for this enormous and complex land. But we are convinced that the answers will be uniquely American and that they will emerge from the concrete struggles of the people to realize American ideals.

#### **The Movement . . .**

We offer a movement. We do not believe that the ideals we uphold—although we see them as based on actual tendencies in modern society—will spring spontaneously into being without the conscious actions of people who share these ideals.

In the United States, we are hardly a mass movement. But social democracy is a mass movement in the rest of the world, where it has become the political expression of the working class—an expression of opposition to both capitalist exploitation and Communist totalitarianism. As members of the Socialist International, we are a part of that broad, world-wide movement and bring our own point of view to bear in its debates.

If we are not a mass movement here, neither are we a sect, contemplating ourselves and our theories. Our members play active and often leading roles in all of the democratic movements for social

change—the trade unions, liberal organizations, civil rights struggles. In all of these fields, they have made contributions of lasting importance, demonstrating the relevance of social democratic ideas to the solution of national problems.

We are not a monolithic movement. We have come to our beliefs by different routes, and there are differences among us. We debate these differences fully and fraternally. Yet, we are not without a focus—and, as in all democratic movements, that focus is determined by majority rule.

#### **The Strategy . . .**

The reconstruction of American society cannot be the work of a militant minority. Not only as a matter of tactics, but as a matter of principle, we seek to build a majority movement for social change. We have no illusions that such a movement will immediately be a socialist movement—but it can change the face of America and improve the lives of millions.

The basis for such a movement exists in the unions, the minorities, liberals, senior citizens, environmentalists, and other groupings of concerned citizens. We believe that all of these forces are linked together by common sets of problems, and that a social democratic approach to these problems offers the best prospect for progress on all fronts.

Thus, for example, it became increasingly clear in the 1960s that the civil rights revolution would ultimately come up against the problem of the slums, of unemployment, of inadequate schools—and that unless these problems were solved, the goal of racial equality would not be met. Legislation outlawing separation and discrimination could have only the most limited (though gratifying) results in the absence of social and economic planning on a massive scale.

Similarly, the issues now being raised by those concerned with protecting our environment from pollution also go to the heart of the relationship of private economic power to the public good.

In all of these fields, democratic socialists work to create an active awareness of the inter-relatedness of the movements for social change. And we contend that their common progress depends on common political action.

## **II. SOCIAL DEMOCRATS AND THE LABOR MOVEMENT**

The liberal coalition of which democratic socialists have been a part in the United States is not made up, from our point of view, of equal partners. We see the labor movement as by far the single most powerful force for social progress in the nation. And it is this force above all others with which we seek to ally ourselves and to cooperate.



Our view of the role of the organized working class is not merely rooted in traditional dogma but is based on an analysis of the economic and social conflicts in modern American society. Various individuals and groups may from time to time fiercely proclaim their opposition to corporate power, but the only substantial countervailing power comes from the trade unions—at the point of production and at the collective bargaining table. Only the direct and indirect power of the labor movement checks the inherent tendency of capitalism to distribute income upward. The unions' push for higher wages has been the single most important factor in relieving poverty, expanding consumer purchasing power and creating new jobs.

Meanwhile, in the legislative halls, labor has provided the muscle behind the drive for civil rights legislation, national health security, aid to education, higher minimum wages, environmental protection—in short, for the extension of the welfare state. Indeed, to the extent that social-democratic ideas can be said to have a natural base in any mass institution in America, that institution is the labor movement. It is the only institution whose day-to-day existence is founded on the drive toward a more democratic distribution of income and wealth—that is, to a greater degree of economic equality. Other forces outside the labor movement may be committed in varying degrees to the idea of economic equality—indeed they may even be more explicit than union leaders in their ideological commitment to economic equality—but, being removed from the production process, they are not a direct part of the struggle between labor and capital over the allocation of socially produced wealth. And while government tax policies and other factors have an obvious impact on income distribution, the primary factor in determining how much economic inequality exists in our society is the relationship of wages and salaries to profits and prices. Thus, from the social-democratic standpoint, the economic and political strength of the labor movement is of crucial importance.

### ***In Defense of Labor***

Consequently we are defenders of the labor movement against those on the Right who seek to block union organization and to curtail "big union" power by means of "right-to-work" laws, compulsory arbitration, strike bans, or other legislative encroachments on the rights of workers freely to organize and bargain collectively. Such assaults on the labor movement, while offered in the guise of protecting the "public interest," would have the opposite effect of undermining the standard of living of the great majority of the American people.

Similarly we reject the supercilious anti-labor attitudes that have emerged within the liberal world in the last decade or so and which, crystalizing in the "New Politics," contributed significantly to the re-election of Richard Nixon in 1972. We do not favor supporting one wing or faction of labor. Indeed, we favor the increased

unity of the labor movement and the increased political and social power that increased solidarity will bring. We regard the rise of anti-labor elitism within the liberal community as a major obstacle to the reconstruction of the liberal coalition, which is the precondition for the political defeat of conservatism in the years to come.

We do not contend that there is no room for improvement within the labor movement—we are, after all, socialists, and the American labor movement is not. Social democrats, as loyal supporters of the labor movement, seek to end any remaining vestiges of racial discrimination and to combat any violations of democratic practices or corruption. But we do this with the understanding that these problems exist in only a very small number of unions. We consider ourselves no voice in the wilderness, no "conscience" of the labor movement in regard to such problems. We know that the overwhelming majority of international and local unions, of trade union leaders and rank-and-filers share this commitment to racial equality and democratic procedures and are guided by democratic principles which are so fundamental to the life and objectives of organized labor.

Further, we consider that the labor movement as a whole is the most democratic, racially integrated, and socially responsible and responsive of our mass institutions. It is fundamentally representative of the interests of the working class. And is its effective instrument in the struggle for social progress.

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The hostility of many liberal intellectuals toward the labor movement seems based on a resentment that it has become a mass institution—that it has succeeded in its purpose of organizing millions of workers and significantly improving their standards of living. The unions most favored by such intellectuals are the weakest unions or those whose members are the least secure—or those whose leaders are most outspoken on non-economic liberal issues. Similarly, many critics of the left who are for "labor" or "the workers" as abstractions deny the representative character of the actual labor movement because it does not agree with their views or because it does not conform with their image of what the labor movement should be. What it should be, in their view, is the instrumentality of an idea, not of a class.

The emergence of these attitudes has coincided with the view of an increasingly affluent liberal professional class that, except for the poor and the black, the major problems facing American society have ceased to be economic, quantitative, or even material, and have instead become moral, qualitative, or spiritual. This trend reached its peak in the politics and culture of a large section of upper-middle class youth, who flamboyantly rejected "materialism," embraced voluntary "poverty," espoused oriental mysticism or, more recently, became "Jesus freaks." Implicit in all of these manifestations of the "counterculture" is a repudiation of the aspirations



and struggles of ordinary working people for a better standard of living. This is, in fact, a repudiation not simply of the labor movement, but of the majority of the American people.

For in speaking of the working class, we are speaking not of a shrinking minority, but of the majority of the population.

In mid-1972 there were 49.5 million nonsupervisory workers in private, non-farm employment. There were another 11 million non-supervisory employees working for the federal, state or local governments or as hired farm workers. This group of about 60.5 million comprises 74 percent of the total employed labor force—excluding executives, supervisors, self-employed businessmen, professionals and similar groups. These 60.5 million represent approximately 37 million families—or about 70 percent of the nation's total of 54 million families.

This is the American working class. It is vast and variegated—blue collar and white collar, skilled and unskilled, “hard-hats” and technicians, in factories and offices, in laboratories and classrooms, in manufacturing and construction, in services and retail, in finance and real estate, in private and public employment. It is the largest and most complex working class in the world—which is perhaps one reason its very existence is denied by those whose conception of a worker is limited to the blue-collar factory hand.

Within this working class there are, of course, important differences—in income, in education, in working conditions, in life-styles, and in consciousness of being “a worker.” There are continuing shifts in the composition of the working class—the inevitable result of rapid technological change; and because of such change there is always a “new” working class. Yet what distinguishes and defines the working class, from the socialist standpoint, is not its level of income or education but its relationship to the means of production: its income is derived not from ownership of the means of production but from the sale of its labor. And this fact, despite other differences, unites all workers to certain common interests as they seek the best terms they can win for the sale of their labor. Indeed, some of the most dramatic trade union gains in recent years have occurred among educated white collar and government workers who were formerly considered impervious to unionization, if not, in fact, outside of the working class.

Although the majority of the working class, as here defined, is not unionized, their interests are also represented by the labor movement. Not only do wage increases negotiated by unions tend to raise wages in non-unionized sectors, but they also increase consumer purchasing power and, hence, create jobs. At the same time, labor's legislative efforts provide the dynamic for the enactment of social programs from which all working people benefit.

In orienting toward the labor movement, therefore, we democratic socialists seek to articulate a politics of the people.

### III. SOCIAL DEMOCRATS AND THE DEMOCRATIC PARTY

In the United States of America, the politics of the people is not centered in the socialist movement or even in a labor party. It is centered in the Democratic Party. That is where most of the workers are, most of the minorities, most of the liberals, most of the poor. That is where the most important political conflicts are being fought out, with tremendous implications for national policy. That, therefore, is where social democrats also seek to play a constructive role.

The Democratic Party is the majority party in the United States. According to projections of the Gallop Poll, 68 million Americans consider themselves Democrats, 38 million Republicans, and 34 million independents (including Wallaceites). The AFL-CIO estimates that approximately 75 percent of its members are registered Democrats. In 1968, Hubert Humphrey won 94 percent of the black vote. The Democratic vote registration edge among youth is at least two to one. In general, the lower down the voter is on the income and education scale, the more likely he is to vote Democratic.

#### *The Debacle*

Yet, despite the broad electoral base and overwhelming majority status of the Democratic Party, its 1972 Presidential candidate went down to the worst defeat ever suffered by a Democratic Presidential candidate, carrying only one state. Only two candidates ever received fewer than McGovern's seventeen electoral votes—Alf Landon who got eight running against Roosevelt in 1936 and the Federalist candidate who got four running against James Monroe in 1820 after the Federalist Party had disbanded! Even the Democrat who ran against Lincoln in 1864, while most of his party was seceding from the union, did better than McGovern, winning 21 electoral votes when there were only 233 at stake.

By contrast, one of the least popular Presidents in American history—who had failed in his promise to end an unpopular war, who had plunged the country into a recession with rampant inflation, whose Administration seemed immersed in scandal, who had been elected with a minority vote only four years earlier, and who hardly campaigned at all—was re-elected with the biggest popular vote count in American history, becoming only the fourth Presidential candidate ever to get more than 60 percent of the vote.

Among the elements that made up the McGovern debacle were:

- Union members defected from the Democratic candidates in droves—and gave 54 percent of their vote to Nixon.
- Despite increased registration, black voters turned out in smaller numbers than in 1968.
- Nixon broke even with the big city voters, who ordinarily vote overwhelmingly democratic.
- The under-30 youth vote, which McGovern advisor Fred



Dutton had predicted would give McGovern an 8 million majority, went to Nixon by 52 percent.

- The electorate as a whole protested the choice offered them by coming out in the smallest number since 1948; 45 percent of the voters, nearly half, stayed home.

Voter shifts of such massive proportions cannot be explained by the Eagleton affair or by the personal deficiencies of McGovern as a campaigner—which suddenly became so obvious, after the election, to his most fervent supporters for the nomination. At the heart of the McGovern defeat was the New Politics movement, of which he was the proclaimed and a universally perceived symbol.

Nor can these voter shifts be explained as a move by the electorate to the right. While overwhelmingly rejecting the top of the Democratic ticket, the voters elected a Congress perhaps slightly more liberal than before. Two Democratic seats were added to the Senate, and while the Republicans gained 13 House seats, these were taken mainly from conservative Democrats. In addition, the Democrats picked up a governorship.

Nor can the outcome of the election be attributed to "racism," as some have done. Every incumbent Senator identified as a civil rights liberal—both Republican and Democrat—won reelection, many by margins which approached or surpassed the President's. Of 64 congressmen who, according to a study of the Leadership Conference on Civil Rights, never voted wrong on a civil rights bill during the past session, only one met defeat. And it is generally conceded that Abner Mikva, the Illinois Democrat who lost, was more the victim of reapportionment than anything else. Also more blacks were elected to the congress and to local office, north and south, than ever before in the nation's history.

In contrast to the showing of the New Politics forces at the top of the ticket, the political efforts of the labor movement on the Congressional and gubernatorial levels were enormously successful. Sixteen of the 25 Senate candidates and 217 of the 362 House candidates endorsed by the AFL-CIO COPE were victorious—about 60 percent. (Eleven of the 17 gubernatorial candidates endorsed by COPE also won—about 65 percent.) COPE's Congressional batting average in 1972 was about the same as in 1970 and better than its score in 1968 (56.4 percent), when it came close to electing Hubert Humphrey President.

Thus, the 1972 elections resulted in a repudiation not of the Democratic Party but of the New Politics forces that had seized temporary control of the Party at the national level, to the exclusion of other elements of the Democratic coalition.

### **The Role of the "New Politics"**

The New Politics movement is to be judged not simply by its slogans but by its actual impact on the possibilities of building a majority movement of the democratic left.

Until the mid-sixties, the conflicts within the Democratic Party

could be perceived, rather simply, in terms of a struggle between the Party's liberal coalition, on the one hand, and its more conservative, even reactionary, forces on the other. The liberal coalition consisted primarily of the trade unions, the civil rights movement, and the middle-class liberals; on the other side were the Southern Democrats and the big-city machines. In this struggle, of course, democratic socialists of the 60s aligned themselves with the liberal coalition and, indeed, saw the victory of that coalition as the dynamic force that would produce a realignment of the major political parties. In such a realignment, the Southern Democrats would move into the Republican Party, the big-city machines would be supplanted by more participatory, democratic organizations and the "new" Democratic Party that would result would become the rough American equivalent of a labor party, reflecting the numerical and social weight of the Party's major constituency.

Reality always outstrips theory; even as this perspective was being formulated, important changes were taking place in the Democratic Party:

1. The big-city machines virtually disappeared—and in many cases were replaced not by new participatory institutions representing the urban ethnic working class but by cliques of narrowly-based middle-class "reformers."

2. Profound changes were taking place in the South, largely under the impact of the Voting Rights Act. The monolithically conservative South was breaking down under challenges, often successful, of moderate and liberal politicians, white and black.

3. The labor movement was becoming more deeply involved in political action at all levels and, in the process, was becoming more completely Democratic.

4. Liberalism as it had been known to the American people—as rooted in the Roosevelt New Deal coalition—split under the impact of the New Left and the war in Vietnam, giving rise to what has come to be called the New Politics.

The New Left's main political strategy had been to attack the "liberal Establishment," the liberal coalition, mindless of the conservative forces at work in American politics. The New Politics, being more pragmatic and closer to the mainstream, did not ignore the conservatives but developed the idea that the best way to defeat the conservatives was . . . to attack the liberal Establishment. From its inception, therefore, the New Politics movement sought to disrupt the liberal coalition and to replace it with "new constituencies"—e.g., the poor, the black, the young, the women.

For the New Politics the war in Vietnam became the most important—if not the *only*—political issue, at the expense of civil rights, the war on poverty, and other vital domestic issues. Hence, it launched the "Dump Johnson" movement and later contributed to the defeat of Hubert Humphrey. And while it did not create anti-labor sentiment within the liberal world—that goes back to the fifties at least—it brought this sentiment to a peak of intensity. In



his repeated attacks on "the labor bosses," George McGovern was but echoing a familiar New Politics theme perhaps best summed up by his advisor and New Politics spokesman Fred Dutton who had proclaimed that "the labor movement isn't worth the powder to blow itself to hell."

Under the influence of the New Politicians and their pundits, the media increasingly came to define the conservative wing of the Democratic Party as consisting of "big labor," the South, and the big-city machines, while the "liberal" wing consisted of blacks, youth, and anti-war politicians. Senator Henry Jackson, with a 100 percent COPE voting record was universally described by the media as a "conservative," while Senator William Fulbright, with a poor record on economic and racial issues, was seen as a "liberal." Thus the result of the emergence of the New Politics was not to clarify the struggle between liberalism and conservatism but immeasurably to confuse and distort it.

#### ***The Unions and the Democratic Party***

In promoting the nomination of George McGovern, the New Politics forces assumed that they would receive the more or less automatic support of the working class against Richard Nixon. In making this assumption, despite the coolness and then outright opposition of the bulk of the labor movement, the New Politics revealed its deep contempt for the unions as representative and democratic institutions. Feeling as they did, it was not surprising that the strategists of the New Politics viewed the Democratic Party as, at least in part, a vehicle for the subordination of the labor movement—indeed, of the working class itself—to their own "enlightened" middle-class leadership.

For social democrats, such a view is not only disastrous for the future of the Democratic Party; it runs counter to fundamental principles. We do not wish to see the subordination of the labor movement to any political party. We should like to see the Democratic Party become more nearly the instrument of working people—not the reverse.

And so we call upon our members and friends to become active in the Democratic Party and therein to ally themselves with the mainstream of the labor movement. We hope that many of the activists in the New Politics movement, after reflecting on the events of 1972, will join in this effort to build a new and more representative Democratic Party. Toward this end, we welcome the formation of the Coalition for a Democratic Majority.

## **IV. A SOCIAL-DEMOCRATIC VIEW OF THE AMERICAN ECONOMY**

We are not socialists because we believe that the spectre of economic collapse haunts American capitalism. We offer our critics no such easy target of caricature.

We do not project a vision of massive catastrophic depression, as in the 30s, and of consequent chaos and rebellion. On the contrary, we believe the means do exist, in the various Keynesian techniques of economic management, to avert the extreme boom-and-bust cycles that characterized capitalism in its earlier stages, even if these techniques do not as yet seem capable of eliminating the cycles altogether. Indeed, we regard the application of Keynesian techniques as a concession to the socialist argument that left to itself, without government intervention, capitalism displays an inherent tendency toward disruption and crisis. We see no reason to revise this argument; it seems, to us, won. Except on the far right of political thought, no one is eager to test the argument by leaving capitalism to itself, free of government intervention, to play out its own inherent tendencies.

The widespread acceptance of Keynesianism—the most spectacular recent convert being Richard Nixon—reminds us that there are different concepts of government intervention. Government intervention *per se* is neutral—it can be progressive or reactionary. It can stabilize injustice and inequality as well as their opposites.

#### ***The Issue of Equality***

And this brings us to the heart of our opposition to capitalism. It breeds inequality. And the essence of socialism is equality.

This is not to say that socialists demand that every single worker earn exactly the same income as every other. Nor is it to say that we are prepared, in the abstract, to state what income differentials would be acceptable in a society based on the idea of equality. Frankly, we see no need to debate whether the differential should be five to one or fifty to one in order to convince our fellow Americans that something is fundamentally wrong in a society where the differential can be a million to one. If we cannot agree with our non-socialist friends, or among ourselves, on "how equal is equal" we surely can recognize gross inequality when we see it—and the terrible harm it does. And surely we can agree to move to reduce that level even if we do not know what its irreducible size may be.

Perhaps no aspect of Karl Marx's analysis of capitalism has been more ridiculed than his contention that, under capitalism, the workers would become increasingly "immiserated," while economic wealth became increasingly concentrated in the hands of the few. The theory seems laughable on its face: the American working class has not become increasingly impoverished in the last one hundred years; it has achieved, under capitalism, a standard of living beyond the imagining of the kings of old.



We are not dogmatists seeking to revive fallen doctrines. Yet we believe that Marx's argument, properly understood, provides an important insight into the functioning of our economic system. For what Marx said was that the trend toward greater inequality was a tendency inherent in capitalism; what he did not go on to say was that this tendency could be frustrated or checked by countervailing forces which would be generated by capitalism but which were themselves non-capitalist. The main such force, of course, is the organized working class. It is perhaps ironic that Marx, for whom the rise of the labor movement was the key to social transformation, did not perceive the inhibiting, complicating, even nullifying effect this very force could have on the inherent tendency of capitalism to make the rich richer and the poor poorer.

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Since the end of World War II, there has been no significant change in the distribution of income in the United States. While data on the distribution of *wealth* are harder to come by, some studies have indicated that the concentration of wealth at the top is more intense today than twenty-five years ago. (A recently issued study, focusing on occupational income differentials rather than family income, suggests that there may have been a change—for the worse—owing to rapidly rising income levels for professionals.)

Knowing only these facts about our society, a visitor from Mars might well conclude that there have been no dynamic forces for social and economic equality at work in the United States in the last quarter century—no labor movement, no war on poverty, no civil rights movement, no liberal economic programs, and surely no class struggle—or that they were only shams or totally ineffectual. (Indeed, something like this hypothetical Martian view did pass for political analysis in the New Left.) In reality, of course, there have been continuing struggles toward greater equality, with some particularly dramatic and impressive examples in the 60s.

The key to this paradox is the Marxian insight. The pressure for a more egalitarian distribution of income—e.g., collective bargaining for higher wages, social legislation, etc.—are continually countered by the inherent tendency within capitalist economics for income to be redistributed upward. It's like trying to walk down an up escalator. One merely comes to a standstill.

This is not to say that the economic struggles of labor and its allies are for nought. For one thing, without these struggles, the maldistribution of income would have been worsened; and for another, the success of these struggles, by increasing consumer purchasing power, fueled an overall economic expansion which made possible an absolute improvement in living standards. If your share of the pie is going to stay the same, the bigger the pie the better.

But the standstill at inequality need not be forever—and we believe it will not be. It is not writ in the heavens, or embedded in

the American character, or decreed by invincible powers. There can be new breakthroughs toward equality. But we first have to understand the economics of inequality—who gets what, and how they come by it.

### ***The Workers' Share***

The great majority of Americans derive their income from wages and salaries. There are 49.5 million nonsupervisory wage and salary earners in private industry (non-farm) and another eleven million in government. They make up the working class.

In June of 1972, the average worker in private industry earned \$135.39 a week, or \$7,040.28 per year. In the autumn of 1971, the Department of Labor said that an urban family of four required an income of \$10,971 to sustain a "modest" standard of living—which included amenities but few luxuries. Thus, the average worker fell nearly \$4,000 short of being able to give his family a modest standard of living. He even fell short of the Department of Labor's "lower budget" of \$7,214, which allows some amenities but no luxuries.

But more to the point is the trend in workers' real buying power. After deducting his federal tax payment, the average worker's buying power in June of 1972 was only 5.5 percent greater than in 1965. But half of this improvement was wiped out by increases in state and local taxes over this seven year period.

This seven year period included two years, 1969 and 1970—the low point of the Nixon-engineered recession—when there was an actual decline in workers' purchasing power.

But the inequality of income distribution does not begin with the Nixon Administration. Between 1960 and the first half of 1969 (before the recession), the after-tax cash-flow to corporations (after-tax profits plus depreciation allowances) increased by 91 percent. By contrast, the after-tax weekly earnings of the average nonsupervisory worker were up only about 34 percent—and in terms of buying power, the gain was only about 10 percent.

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What accounts for this disparity? Workers were not getting a fair share of their increased productivity. Between 1960 and 1965, productivity increased at an average annual rate of 3.8 percent—yet real compensation for all employees in the private sector (including executives) increased only 2.7 percent. Unit labor costs rose by 3 percent in this five year period (less than one percent a year), yet prices rose by 6.6 percent (1.3 percent a year). In manufacturing, unit labor costs actually declined 1.9 percent, but wholesale prices of manufactured goods rose by 1.7 percent.

By 1966, the gap between unit labor cost and industrial prices was greater than at any time since mid-1951. To put it simply, the corporations were widening their profit margins. In 1960, average after-tax profits of corporations stood at 4.4 cents on every sales dollar; by 1965 it had grown to 5.6 cents—a 25 percent increase.



If we emphasize that these trends took place under Democratic Administrations, it is not to suggest that the Democrats are more favorable to big business than the Republicans but to underscore the inherent tendency within capitalism to distribute income upward, even while relatively liberal programs—e.g., to reduce poverty—are being carried out. (We hasten to point out, however, that the profit-boom of the 60s was not unaided by the Democratic Administration—which in 1962 gave business a 7 percent tax credit for investment in new equipment and in 1964 cut the corporate tax-rate by 7.7 percent. Both steps, urged by prominent liberal economic advisors, inadvertently contributed to the capital-goods boom that launched the inflationary spiral of the 60s.)

### ***Economic Balance and Social Justice***

When profits outstrip wages the resulting imbalance constitutes not only an injustice but an economic problem. Soaring profits (certainly when augmented by investment tax credits) induced and upsurge in business investment in new plants and machinery—a 55 percent increase in such investment occurred between 1963 and 1966—the consequence of which is an expansion of productive capacity.

But if consumer purchasing power—which rests mainly on wages and salaries—does not also expand, the increased production cannot be absorbed. When wages lag behind profits, consumer purchasing power lags behind investment, and production lags behind industry's ability to produce. The result is underutilized productive capacity and unemployment.

According to the traditional theories, the problem of underconsumption is resolved by a fall in prices. The reduction of prices brings more people into the market, and the excess inventories are liquidated. Once that happens, full production is resumed, full employment follows, wages are raised, consumer demand grows, and prices rise—until the next cycle. According to this model, inflation occurs when demand exceeds supply—either because the demand is too great or the supply is too short; conversely, deflation occurs when supply exceeds demand—either because the supply is too great or the demand is too weak. In any case, inflation and unemployment are not supposed to be chummy bedfellows. The theory obviously no longer conforms to the observable reality.

In 1966 and 1967, as the unions sought to close the wage-profit gap of 1960-65 and to keep ahead of the rising cost of living, labor costs started to increase and business raised prices at an accelerated pace—again, with a view toward maintaining or widening profit margins. As the rate of inflation rose from 2.5 in 1966 to 2.8 in 1967 to 4.2 in 1968, the average worker's buying power was at a standstill. In 1969 and 1970, when prices rose 5.4 and 6 percent respectively, workers' buying power actually declined.

The decline of consumer purchasing power, the increasing underutilization of plant capacity, and the steady increase in unem-

ployment that began in 1969 were classic signals for a downturn of prices—in response to the so-called laws of supply and demand. Yet inflation continues unabated.

### ***The Myth of "Free Enterprise"***

What makes the classical theories obsolete is that they are based on a model of the competitive free market which no longer exists—destroyed not by socialist collectivizers but by capitalist competition itself. Our major industries are no longer characterized by cut-throat competition, price wars, etc. Competitive pricing does not exist in the auto, steel, or home appliance industries—to mention a few. Rather, these industries are dominated by a small number of giant firms that have acquired control of their market, of supply sources, etc., and also have replaced competitive pricing with administered pricing. These giant corporations and conglomerates have long-term growth and investment plans—they believe in economic planning, even if our political institutions do not—and such long-term planning cannot be vulnerable to the fluctuations and vicissitudes of the free market. They have to be assured of predictable levels of cash flow from year to year. Thus, corporate pricing is geared not to the "laws" of supply and demand, and not to market conditions, but to internal needs for growth and development. The largest corporations have built up enormous cash reserves so that their investment and expansion plans are not determined by fluctuating interest rates.

### ***The Concentration of Economic Power***

Practically all of the growing centralization of economic power that has occurred in the United States since World War II has been the result of corporate mergers. And the decade of the 1960s witnessed one of the most massive waves of corporate mergers in American history.

In 1947 the top 200 manufacturing corporations controlled 42.4 percent of all U.S. manufacturing. By 1960 their share was 54.1 percent. By 1968, they controlled 60.9 percent—and of that share, 15.6 percent was traceable to mergers. This fact indicates that were it not for the mergers of the 60s, the share of manufacturing controlled by the top 200 would have declined.

The area of concentration can be even further refined. There are more than 198,000 corporations in America. But by the first quarter of 1970, an elite of only 102 corporations, each with assets over \$1 billion, controlled 48 percent of the assets and 53 percent of the profits of all corporations engaged primarily in manufacturing.

What distinguished the modern wave of mergers from those in the early years of this country is that they do not result from large successful companies buying out their weaker competitors in the same industry. They cannot claim to bring the economic efficiencies of consolidation. Rather, these mergers tend to bring together large and successful corporations in wholly different fields—a prime



example being I.T.T., which has acquired business operations in life insurance, car rentals, hotels, lumber, baking, and a long list of fields unrelated to telecommunications.

While conglomerate mergers may offer dubious economic or production benefits, they do provide large opportunities for the manipulation of capital. They can be borrowed from one enterprise and transferred to another where opportunities exist for a quick return. Enterprises which are doing poorly and should—by the laws of capitalist competition—go out of business, can be sustained by the conglomerate's more profitable sectors simply in order to punish or drive out a competitor.

It follows, clearly, that the conglomerate can cause serious problems for unions. It can wait out a strike on one of its subsidiaries while making money from the others. Or, since it operates in different industries and deals with different unions, it can seek to play one union off against another.

New techniques of coordinated multi-union collective bargaining are being developed by the labor movement to meet this and similar problems. Yet, there is no question but that the growth of conglomerates—operating not only in the United States but globally (on which more later) raises some profound questions for public policy in a democratic society.

### **The Burden of Bigness**

For many critics of corporate mergers, the crucial question is bigness itself: they are opposed to the large corporations because of their size. We have noticed that some of these critics take a similar attitude toward "big labor."

This is not the social-democratic position—and we reject it on fundamentally the same grounds that we reject the advocates of zero economic growth. The socialist society we seek to build is a society of abundance, with a productive capacity not less, but greater than now exists. Without such a capacity, we cannot satisfy mankind's material needs, which we see as the precondition for human freedom.

Accordingly, we ask not *simply* whether an institution or structure is too big, but whether its size is required for the function it serves and whether that function contributes to human betterment. Certainly small unions would not be very effective against big business. Similarly, it seems clear to us that at least in our present stage of technological and human development, large-scale economic organization is required to produce the means of satisfying our material needs.

It is not clear, however, that any such benefits accrue from the conglomerate mergers of our day. Rather their function appears to be the further concentration of economic and, concomitantly, political power at the top.

The growth of corporate power in America has had many political manifestations, not the least outrageous of which, in view

of our pressing social needs, is the decline of the corporate share of the national tax burden and the simultaneous increase of the burden borne by individual taxpayers.

In 1960, the corporate share of the federal income tax was 35 percent; individuals paid the rest. In the latter half of the decade—at the very time business price increases were bringing workers' purchasing power to a standstill—the corporate tax share began to decline sharply. In 1968 and 1969, when corporate profits reached an all-time high, the share dropped below 30 percent. The U.S. Treasury estimates that the corporate share of the tax burden will hover between 26 and 27 percent for the rest of this decade.

In short, since 1960, the corporate share of the federal tax burden has dropped 8 or 9 percent; the burden on individuals has increased by the same amount. A similar trend, but not as dramatic, is visible in state and local property taxes.

### **The Nixon Administration**

Most of the economic trends discussed so far have been described as manifestations of an inherent, usually unconscious tendency within capitalism to perpetrate or exacerbate inequality. With the advent of the Nixon Administration in 1969, this automatic, unconscious tendency was elevated into conscious instruments of social and economic policy. The actual consequences of that policy have been painfully felt by millions. Under his administration:

- Unemployment rose from 3.3 to 5.9 percent—from 2.7 million to 5.1 million jobless workers. But there is a multiplier of  $3\frac{1}{2}$ —which means that in 1972, assuming the average unemployment rate for the year to be 5.5, over 18 percent of the total labor force experienced some unemployment during the year.
- The number of people unemployed 15 weeks or longer more than tripled—from 334,000 to 1,224,000.
- The number of people working part-time because they couldn't find full-time jobs rose from 1,647,000 to 2,366,000.
- The number of people living in poverty, which had decreased by 15 million in the Kennedy-Johnson years, rose again by 1.2 million by Nixon's second year.
- The number of people on public assistance founted from 9.9 million when Nixon took office to 14.7 million by October, 1971—an increase of 4.8 million.

The dreary record is familiar. But these catastrophic consequences were not merely the result of "mismanaging the economy"—as if economic management were merely a matter of technical competence. The Nixon Administration acted out of a set of principles—or ideological prejudices—which were too much in consonance with the "natural" tendencies of the "free enterprise" system to be inclined to reverse or inhibit those tendencies.

When Nixon was elected his approach to inflation was clear: the economy was overheated, there was excessive demand, and a recession had to be engineered. He and his advisors had to know that



rising unemployment would be the result. But they preferred that trade-off to a direct assault on rising prices—which, after all, is the definition of inflation. To intervene in the pricing power of corporations was, in effect, to deny that the free market was the dynamic wellspring of our economic system.

When the Administration finally felt compelled to change game plans, in August 1971—after its engineered recession had failed to dampen inflation (prices rose even faster) and after corporate profits had been temporarily crimped—it could not apply its new controls equitably. It could not control prices, profits, dividends, interest rates and other forms of income as rigidly as they controlled wages simply because it could not believe that profits, for example, were responsible for the economic problem.

And so, while wages were controlled, 21 percent of the prices that make up the cost of living index were exempt. Controls were lifted from ¾ of all retail stores and nearly half of the retail units.

The inherent tendency of the economy to hold down wages relative to prices and profits became politicalized in the Nixon Administration—a matter of government policy and enforcement. In the first quarter of 1973, wage increases declined sharply, down to an average 5.3 percent from 8.2 percent in the comparable quarter of 1972, while worker productivity posted substantial gains, rising to an annual rate of 4.7 percent compared to the long-term average of 3 percent over the past two decades. As a result, first quarter (1973) corporate earnings zoomed up after taxes. Profits of 655 companies, surveyed by the *Wall Street Journal* soared 27.8 percent. Corporate profits, after taxes, amounted to \$53-billion in 1972, a record high.

This is indeed government intervention with a social purpose—and it is not our purpose.

Socialists favor a national income policy—but not as a euphemism for one-sided restraints on wages and salaries. We favor government intervention in the private economy—but not to distribute income upward.

Rather we seek Government intervention on behalf of greater economic and social equality. Toward these ends we favor democratic social planning along the lines of the Freedom Budget concept developed in 1966 by the A. Philip Randolph Institute and built around key national programs of full employment, economic growth, and income distribution. The Freedom Budget, an attack on the root causes of poverty and social injustice, differs from previous helter-skelter liberal efforts because it fuses general socio-economic aspirations with quantitative aspects and imposed time schedules. It deals not only with where America must go, but also how fast and in what proportions and thus determines feasible priorities. It measures costs against resources, and proposes specific legislative and executive remedies. It presents not only a call to action, but also a schedule to action over a ten year period to end poverty and to improve the lot of a majority of Americans. Fundamental to such a budget is planning for increasing the gross national product, a

full employment economy and social reconstruction. Thus in the process of ending poverty, such a program will add enormously to our resources and raise the living standards of the great majority of Americans. The Freedom Budget concept by serving our urgent social needs—in slum clearance and housing, education and training, health, agriculture, national resources and regional development, social insurance and welfare programs—can achieve and sustain a full employment economy (itself the greatest single force against poverty) and a higher rate of economic growth while simultaneously tearing down the environment of poverty.

The U.S. has the wealth, national resources, skilled work force, and productive power to solve its pressing socio-economic problems. But it can be done only if we democratically plan the allocation of resources in accord with our priorities as a nation and a people.

The development of such a plan has many virtues. As befits a democratic society it clearly outlines its social proposals, financial priorities and objectives so that the people can intelligently discuss, debate and decide on what our social and economic objectives should be. Progress can be measured, specific steps tested and evaluated, shortcomings criticized and plans modified in a way that was not possible in the ad-hoc measures of the Great Society. The Freedom Budget approach also stands in sharp contrast to President Nixon's new economic program which encourages socialism for the rich and leaves huge economic power to be wielded by private hands. Economic decisions which effect everyone in society are made behind closed doors in the corporate board rooms, while the majority of Americans have no knowledge of, or any influence on them.

The Freedom Budget is not a program to transform America into a socialist society. It can be carried out by government intervention in our present mixed economy. We, of course, want to go further toward a social democratic society.

As we work for this desirable goal we will be guided by two fundamental principles: the desire to expand democracy and to end the exploitation of man by man.

Toward this end we favor:

- A redistributive tax policy which would abolish the multi-billion dollar havens of the rich and work to change the very relationship of social classes in America.

- Fundamental change through economic planning aimed toward new equalizing social conditions, opportunities and incomes.

Ultimately Social Democrats, U.S.A. supports social control of the basic means of production and distribution because we believe this will help to create a society where liberty, equality and fraternity can prevail.

Our approach contains within it a conscious bias against exchanging a system of corporate bosses for a managerial bureaucracy. We see the need to develop planning systems built upon democratic participation and a countervailing balance of worker and



consumer interest. We seek to achieve reforms which alter the very structure of social power by substituting democratic decision-making for the autocracy of private power.

This fundamentally democratic outlook combined with a deep concern for the urgent needs of the people guides our approach to the question of immediate reforms. Social democrats, of course, do not sit and wait until utopia arrives. We work to improve our present society and our members are involved in the struggles of the day.

At the top of today's Social Democrats, U.S.A. agenda is the fight against inequitable government controls which distribute wealth upwards, thus hurting the working people. And so we join the labor movement in urging congressional action to apply price, profit and salary controls equitably on all forms of income.

### ***Foreign Trade and the National Economy***

In addition to the trends discussed above, there is ample evidence that another factor has contributed to the unconscionably high unemployment in the United States—the deterioration of the American position in international trade. It has been estimated that nearly a million job opportunities have been lost as a result of this deterioration.

We Social Democrats can scarcely be called isolationists. We are profoundly internationalist. We are deeply concerned with the programs and progress of the social-democratic and labor movements throughout the world. And like other internationalists, we have traditionally been advocates of "free trade."

Yet, precisely because we are internationalist in our outlook, we have a responsibility to examine and understand the new developments and changing positions in international trade.

In the last two years, the United States has run a trade deficit for the first time since 1893—that is, we are importing more than we are exporting. In 1971, the deficit was around \$3 billion; in 1972 it rose to nearly \$7 billion.

An increasing proportion of the cheaply-produced foreign imports now flooding the country are competitive with U.S. products, with the result that a number of industries—leather, textile, electronics, and shoes, for example—are losing jobs.

The concept of "free trade" is based on the theory of comparative advantage—each country should do what it does best: agricultural countries should produce food for export; technologically advanced countries should produce manufactured goods.

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But since World War II important changes have taken place which call the concept of "free trade" into question. Among these factors have been the growth of managed national economies; the internationalization of technology; the mushrooming of investments by U.S. companies in foreign subsidiaries; and the rise and spread of the multinational corporation.

Social Democrats can hardly object to the growth of managed national economies. But while the governments of these countries—virtually all of our trading partners—have exerted direct and indirect barriers on imports, while aiding exports, the United States remains a relatively "free trade" zone. In practical terms this means that while some of our trading partners put restrictions on the importing of American goods, we have no comparable restrictions on their products. As socialists, we are not convinced that the laissez-faire principle has any more sanctity in foreign trade than in domestic economic matters.

Technology has become internationalized because it has become exportable. The theory of comparative advantage assumes that the factors of production are not transferred across national boundaries. When American technology can be exported to Taiwan or Hong Kong, and low-paid workers in these countries can assemble electronic components, the theory of comparative advantage begins to fade.

A major reason for the internationalization of technology has been the skyrocketing rise of foreign investment by U.S. firms—from \$3.8 billion in 1960 to \$10.5 billion in 1969. Along with these investments in foreign firms and subsidiaries go licensing arrangements, patent agreements, and the like. Not only do the products of these companies, produced more cheaply abroad than here, return to the United States as imports, to compete with American-made products; they also compete with American-made exports abroad.

The American-based multinational corporation may have operations going in as many as 40 countries. What makes their operations so profitable is that with the internationalization of technology, virtually all of the factors of production can be transferred across national boundaries except one: labor. And here the American worker is at a disadvantage. His high wages—which are, of course, the base of American prosperity and domestic markets—rule him out of competition.

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In effect, what the multinational corporations do is use American capital (again, derived from our relatively high-wage economy), American technology (often developed at taxpayers expense) and American know-how to produce American products for the American market—with foreign labor. As the AFL-CIO has pointed out, such multinationals as Ford, GM, IBM, IT&T, Singer, and Standard Oil of New Jersey, "can manipulate international production and sales with the advantage of U.S. technology. They can manipulate the location of operations, depending on labor costs, taxes and foreign exchange rates. And they can juggle exports, imports, prices and dividends among countries within the corporate structure." And, in the words of *Fortune*: "Carrying multinationalism to its logical extreme, a corporation will concentrate its production in the area where costs are lowest and build up its sales where the market is most lucrative.



The multinationals are also able to take advantage of the barriers many countries have erected to American products by buying into firms in those countries and providing those firms with the technology to produce the same American products.

The spread of the multinationals presents very serious problems aside from the impact on the American international trade position and our domestic economy. For the multinationals can have a significant impact on the political and economic lives of other nations—and consequently on American foreign policy. It is not difficult to imagine the political influence that could be wielded by a multi-billion dollar multinational conglomerate on relatively poor low-wage countries—and there are many such countries that lack the power or resources of a large multinational. And what impact will the multinationals have on wage levels in their host countries?

The multinationals represent a challenge to the institutional solidarity of the labor movement. Perhaps, unwittingly, they are presenting new opportunities for international labor cooperation to strengthen the trade unions of low-wage countries and to globalize the effort to raise the living standards of all workers—which the multinationals have now so dramatically demonstrated to be in the interest of America's workers.

But while this long-term effort must be vigorously pursued, we are not so naive as to think that its objectives will be soon accomplished. Meanwhile, the plight of many American workers threatened by job loss is real—and immediate.

We call upon our friends in the liberal and civil rights movements to reexamine the dogmas of "free trade" in the light of the very real changes that have taken place in international patterns. We especially urge them to resist the campaign now being waged by the Chamber of Commerce to persuade consumers that cheap imports mean lower prices. (They may be produced with cheap labor but they are sold, for the most part, at high American prices—it's not the consumer who gets a mark-down but the company that gets a mark-up.)

Further, we believe, that the tax laws that give special advantages to corporations that invest abroad—e.g., deferred tax payments—should be drastically revised so as to put such companies more nearly on a par with domestic corporations (which, as we have pointed out elsewhere, should have their taxes increased.)

Finally, we support the concept that the volume and composition of imports and exports should be a matter of social policy.

As socialists, we look toward a society in which our social priorities, democratically arrived at, will guide the production of goods and services at home. Obviously, the quality of our economic life and the purpose it serves will also be affected by what is produced abroad for consumption here—and how it is produced. It would make no sense to place our domestic economy within the realm of social responsibility only to leave our international-economic relations in private and privileged hands.

## V. RACE AND THE URBAN CRISIS

The validity of the socialist point of view on racial equality—enunciated from the very beginning of a struggle in which many of our members played most honorable roles—has now become eminently clear. While we advocated total commitment to the fight to bring down the legal barriers of racial equality, we also said that ultimately blacks would have to confront the same fundamental problems of institutional inequality that so many other Americans face.

### *A Vision for Victory*

Eight years ago Bayard Rustin, now a Co-Chairman of the Social Democrats, U.S.A., posed a basic question to the civil rights movement and provided a socialist answer:

What is the value of winning access to public accommodations for those who lack money to use them? The minute the movement faced this question, it was compelled to expand its vision beyond race relations to economic relations, including the role of education in modern society. And what also became clear is that all these interrelated problems, by their very nature, are not soluble by private, voluntary efforts but require governmental action—or politics. . . .

. . . The Negro struggle has hardly run its course; and it will not stop moving until it has been utterly defeated or won substantial equality. But I fail to see how the movement can be victorious in the absence of radical programs for full employment, abolition of slums, the reconstruction of our educational system, new definitions of work and leisure. Adding up the cost of such programs, we can only conclude that we are talking about a refashioning of our political economy.

Clearly such a refashioning has not yet been accomplished. Poverty has not yet been abolished, urban schools remain in crisis, the condition of life in the slums has grown worse not better, unemployment for blacks continues at an alarmingly high rate. We have greatly increased the access of middle class blacks to a better life, but for the mass of American Negroes, and other minorities, there is still a long, long way to go.

The failure to solve these fundamental economic problems has led some, out of frustration, to advocate short-cut, diversionary solutions, among which the racial quota system is the leading panacea. We oppose the quota approach on the basis of socialist principles and our analysis of the problem at hand, whether that quota approach is used in the university, the work place or in other spheres of American life. It would be ironic and tragic if the opponents of racial discrimination had any part in a new effort to lock people into racial categories. To the extent that this approach diverts



energies from attacking the fundamental economic problems, it will not work. And to the extent that it is politically divisive and creates resentment among white workers, it will set back the political struggle to restructure American society.

### **The Dead End of Black Nationalism**

The past decade has witnessed the rise within the Negro community of a black nationalist tendency. It is not a monolithic tendency; it has competing leaders and organizations proposing various goals: a back-to-Africa segment; advocates of a separate black state to be carved out of the present United States; and a third trend which vaguely advocates self-determination and separatism within the ghetto.

Whichever form it takes, black nationalism offers nothing but a dead-end for American blacks.

The idea of a return to Africa is an old one, which has been pursued since the days of slavery by both white racists and various black groups, and sometimes by both in collaboration with each other. It was tried during the 19th century, under President Monroe, when groups of black slaves were shipped to Liberia, there to rot under the most miserable conditions. In the 1920s it was advocated again by Marcus Garvey, whose efforts and whose movement came to naught. With it were dashed the hopes and fantasies of millions of American Negroes, fantasies which in practice led to a virtual abdication of black struggle against Jim Crow and poverty during the 1920s, as A. Philip Randolph so perceptively pointed out at the time. It was not without significance that during the course of his efforts, Garvey engaged in active collaboration with the Ku Klux Klan, a powerful force among American whites at the time, nor that he practiced union-busting and strike-breaking. It is similarly significant that today the American Nazi Party (the National Socialist White Peoples Party) distributes mock "boat tickets" good for a one-way trip to Africa for black citizens. Before his death in the 1960s George Lincoln Rockwell, the American Nazi leader, was an honored guest at a conference of the Black Muslims, where he proudly proclaimed the identity of his aims for American Negroes with those of Elijah Muhammed.

Today, black nationalism most often takes the political form of an insistence on separation from white America in every respect except the financial. It is a mark of the bankruptcy of nationalists like Leroi Jones (Imamu Baraka) that his separatist activities have enjoyed the generous financial support of guilt-ridden, lily-white Protestant churches, the largess of an insurance company and federal government agencies under the Nixon administration. The latter, it seems, prefers a policy of underwriting an on-the-cheap policy of ghetto stagnation in Newark, under black nationalist hegemony, to a meaningful but costly program of renovation for a dying city whose present state of existence is a blot on the face of America.

Still another symptom of the emptiness and reactionary char-

acter of black nationalism today is the widespread anti-Semitism which characterizes almost all of its leaders and organizations. Whether it be Leroi Jones, Ron Karenga, Elijah Muhammed, Eldridge Cleaver, Leslie Campbell, Stokely Carmichael or Hassan Jeru-Ahmed, virtually every leading black nationalist figure has promoted the most vile anti-Semitic bigotry, along with anti-white racism.

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The bankrupt record of black nationalism must be viewed not merely as a sign of the faults of its leadership but as the outcome of an ideology which offers no constructive solution to the problem of race in America today. By opposing interracial cooperation, black nationalism denies the possibility of a majority movement for change in America. Politically, its program leads to an inevitable cul-de-sac from which there is no escape except for those of its spokesmen who are bought off by venal white politicians and business leaders or through self-destructive violence whose major victims are the ghetto residents themselves.

Even if this were not the case, black nationalism still offers no solutions. If one rejects the course of coalition politics on behalf of socio-economic renovation in America, what remains? Nothing but "self help" in the ghetto, i.e. capturing control of the miserable tenements, the corner retail stores, the fund-starved schools, hospitals and welfare institutions. As a result, control is achieved not by "the people" but by a group of black entrepreneurs fully as capable of exploiting their Negro clients as any whites. Indeed the very fact of under-capitalization—an endemic ghetto problem—compels many black entrepreneurs to engage in super-exploitation of their tenants, workers and consumers. Even then, as the record proves, the rate of failure of all-black businesses and welfare institutions is extraordinarily high.

Finally, black nationalism not only offers no way out for the American Negro, but actively sabotages the constructive, intelligent avenues of change. It does this in two ways. First, by its active opposition to the trade union movement, the major institution to offer blacks a means of struggling effectively to better their material conditions and to achieve a degree of power in their daily lives. Second, by polluting the climate of opinion through its appeals to racism and violence, thereby contributing to the break-up of the progressive coalition and the rise of white backlash, which leads directly to the political triumph of conservatism.

In helping to close off the avenues of change, black nationalism contributes to the mood of despair and defeat in the ghetto which cyclically strengthens its own hold on blacks, particularly the young, as well as encouraging personal escapism through addictive drugs, mystical cults and anti-social behavior of every variety. Nationalism's message that there is no hope in America becomes a self-fulfilling prophecy.

We Social Democrats, for our part, remain strong advocates



of integration, and we adhere firmly to the belief that the main hope for black Americans lies in the success of the American labor movement's struggle for an egalitarian society. The recent Urban League study which concluded that there is a larger proportion of Negroes in policy-making positions in the labor movement than in any other American institution is evidence of the progress that blacks have already made within the union movement itself. The strengthening of labor in American society would constitute a major step forward in the movement for racial equality.

### ***Planning and Social Change***

What we have come to call the "urban crisis" is not simply a crisis of our cities. It is also a crisis of our rural and suburban areas. Nor is it the result of failure in one or another sphere of social responsibility—education, or housing, or transportation. It results, rather, from the absence of long range planning and public investment in the face of vast social and economic changes that have taken place in the past quarter century.

The technological revolution in agriculture has driven millions of Americans, many of them black, off the farms and into the cities, where they encounter inadequate housing, overcrowded schools, and insufficient job opportunities. Another migratory movement of middle-class families to the suburbs diminishes the urban tax base just as cities face a steadily growing demand for social services. In addition, we have witnessed a continuing shift of new job openings from the cities to the suburbs, while simultaneously, the technological revolution in industry has wiped out many of the jobs which were formerly available to unskilled and uneducated urban workers.

The result is that our cities have been unable to meet the needs for low and moderate cost housing, education, welfare, police and fire protection, and other public services and facilities. Slums are spreading, crime is rising, and congestion is thickening.

We socialists emphatically deny that these problems are insoluble. Equally emphatically, however, we deny that they can be solved through the natural workings of "free enterprise" or through piecemeal, particularistic approaches that focus on one or another aspect of the problem in isolation. For all of these problems are inter-related.

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We cannot talk of new housing without talking of interest rates and land use. We cannot talk about school construction without talking about tax revenues—and, in fact, about unemployment. If we have not solved the urban crisis, it is not because we have tried everything and failed, but because we have not undertaken a planned, comprehensive and sustained program of public investment.

The beginnings of such a program were undertaken by the New Deal from 1933 to 1941. But in most of the post-World War II period these efforts were terminated or slowed down by conservative opposition. In the brief two years following Johnson's landslide

in 1964, a new effort was made, as Congress authorized substantial increases in federal grants-in-aid to state and local governments for elementary and secondary school education, model cities, public safety, etc. But actual appropriations and outlays for these programs fell increasingly behind the planned expansion of their authorized funding. Indeed, between 1966 and 1970, the authorized-appropriations gap widened from 20 percent to 35 percent. In 1970, this gap amounted to \$6 billion—more than President Nixon had earmarked for revenue sharing in 1972.

Obviously this kind of financing cripples any attempt at long-range planning. The essence of planning is the establishment of goals and timetables based on inventories of needs and resources. A ten year program to abolish slums or meet the nation's housing goals is impossible if the funds for such a program must be voted every year.

A step toward such planning would be for the Congress to require the President, in his annual message, to present a report on the nation's needs—e.g., in housing, schools, sewage treatment facilities, etc.—and to propose a timetable and annual level of funding to meet those needs. Congress should authorize and appropriate such amounts for long-term periods (say five years) or, failing to do so, take responsibility for adjusting the timetable.

Public disaffection from government is due in large measure, we contend, to a justified lack of confidence that government programs are seriously intended to meet the problems defined by the government itself. Such confidence is not likely to be restored unless the haphazard piecemeal approach to public needs is replaced by comprehensive, democratic social and economic planning.

Even short of planning on this scale, we believe that any serious approach to the urban crisis should be guided by more basic priorities.

### ***Priorities and Principles***

1) Slums must not be gilded or strengthened from within, but torn down and replaced by new, healthy communities. Otherwise the social pathology that thrives in such an environment will continue to destroy the small efforts that are regularly made to achieve some amelioration of the unbearable conditions. As a step toward mobilizing public and private resources, on a planned basis, to solve the urban crisis, we propose that the Federal government commit itself to the construction, on an experimental basis, of a planned city of 250,000 people, representing a varied job mix and different levels of income. This pilot project could point the way to a means to alleviate the crowded conditions and concentration of social problems in slum communities.

2) Public and public-aided housing must be greatly expanded. Rising costs cannot be used as a reason for government to slough off its obligation to make housing available to those who must be rescued from the slums, from over-crowded apartments, and from



the growing scarcity of housing within the means of wage-earners, pensioners, and the poor. As housing is increasingly priced beyond the reach of low and moderate incomes, it must be viewed as a kind of utility which government must be responsible for furnishing at whatever cost.

Our experience should also teach us not to build any more "project" type housing which segregate people along economic lines and inevitably become the focal point of all the problems associated with poverty. Intelligent social policy requires that low-income families have the opportunity to live in good housing of mixed-income composition, and to be aided in doing so by means of rental subsidies discreetly assigned to such families (a device already in use but only in minimal degree). The critical housing shortage calls for a massive crash program commensurate with the need. The present rate of production of non-luxury housing is so little as to progressively aggravate rather than alleviate the shortage. America will never be a better community unless it consists of better communities with an adequate supply of good homes and salutary neighborhoods serviced by decent schools and health institutions, and located near job centers. The task is immense, as is the cost, but it is basic to our urban and national well-being. Undertaking this task also means taking a giant step towards full employment.

3) The Federal government must assume responsibility for the financing of public education. The different schemes that are now current, from voucher plans to performance contracting, are all efforts to avoid the basic issue of strengthening the public school system. The improvement in teacher training, the reduction in class size and the assistance of paraprofessionals are all means to improve the quality of education for urban children. Busing should also be used where it will improve the quality of education.

4) A full employment economy is essential to any program to solve the race and urban crisis. To date, manpower programs have been inadequate and have functioned in the context of economic scarcity. Comprehensive social programs, designed to provide skills which the economy needs to the unemployed who need these skills is the only way the problem of poverty will be attacked at its roots.

### ***The Delusion of "Community Control"***

The concept of community control as a "radical" solution to the problems of the inner city has been fashionable in recent years. However, like other half-baked notions that have emanated from the New Left and its chic supporters, the frenetic thrust to implement it has been short-lived.

The high point of the community control push occurred during the 1968 New York City school teachers' strike, when its advocates mobilized all their resources for the purpose of breaking the strike and with it the power of New York's United Federation of Teachers. The UFT had struck when a large group of its members had been

arbitrarily dismissed from their teaching posts in the Ocean Hill-Brownsville school district, a local enclave which was practicing community control with funds from the Ford Foundation. Ultimately the strike was settled and the Ocean Hill-Brownsville district reorganized under a compromise school decentralization plan adopted by the New York State Legislature.

However, certain specific lessons regarding community control were learned from the Ocean Hill-Brownsville experience, lessons which were confirmed by similar ventures elsewhere. Among them were the following:

1. The term "community control" is in actuality a euphemism to disguise the fact that wherever it has been implemented, it was not "the community" which exercised control, but a relatively small group of ambitious self-seekers, frequently allied with ideologues seeking to exploit local conflict for larger "revolutionary" goals. Even in the few cases where elections have been formally conducted, as in Ocean Hill-Brownsville, the percentage of eligible voters who actually cast ballots has been negligible. Significantly, the candidates in these elections, as well as the small group of activists who campaigned, were very largely personnel from the local subsidized "community action" poverty agencies. Over and over again, careful investigation has shown that those who have been loudest in their claims to speak for the community have been poverty professionals on the payroll of one or another federally funded agency.

2. The thrust for community control has almost always resulted in racial or ethnic conflict which has pitted blacks against hispanic-Americans or whites. The outcome, predictably, has been a ripping apart of the fabric of interracial understanding and cooperation on behalf of the broader goals of better education, housing and employment opportunities. There arose a persistent pattern of racial violence and fear, out of which came a political atmosphere totally inhospitable to social change. The cities, which always have been centers of liberal strength, joined the national march backward into retrenchment. Even in such normally progressive cities as Minneapolis and Philadelphia, policemen were elected mayor.

3. Community control has been an anti-labor movement, epitomized by the effort to destroy the teachers' union in New York City as well as Newark, New Jersey. Actually, the basic concept of community control runs completely counter to trade unionism. Unions, especially unions of government employees, seek to establish and maintain collective bargaining contracts for all the workers in their jurisdiction, thereby preventing one group of workers from being pitted against others who do the same kind of work elsewhere in the city. A major aim of community control, however, is to balkanize control of the budgeting procedures, thereby compelling unions to seek to organize workers in each separate community and to sign separate contracts for each. In fact, many of the most vocal advocates of community control have explicitly said that the unions are their major enemy and have publicly boasted that when they gain



control of the funds, wages will be cut. They've also threatened to get rid of workers who don't live "in the community," which is usually a euphemism for purging workers on the basis of race.

Unions, therefore, tend rightly to see the slogan of community control as a threat to their very existence.

4. Community control has completely failed to demonstrate the capacity to improve services as claimed by its supporters. Here, too, the Ocean Hill-Brownsville Demonstration District is perhaps the best single laboratory test, since it operated for three academic years, from the Fall of 1967 until June 1970, with a substantial amount of private and public funding. The results, based on official statistics of the New York City Board of Education, show that by the test of reading scores and attendance records, the experiment was a complete failure. Of the eight schools in the district, not one recorded a better reading score in 1971 than it had in 1967, and most did worse.

In sum, community control has produced no discernable positive results, and has proven to be a dismal failure in practice. It has contributed to racial polarization, anti-labor sentiment and a conservative political climate. It is part of the problem, not of the solution. We are not arguing philosophically the comparative merits of local vs. national government. To social democrats the question is which forms of government can most democratically and effectively accomplish the specific social functions assigned to it. Our yardstick is the fulfillment of social and individual needs.

#### ***"Community Action" and the War on Poverty***

Closely related to the concept of community control is the community action program of the war against poverty. Indeed, to the extent that community action programs may be said to have a theoretical rationale, it consists of community control, an idea which owes its origins largely to Frances Fox Piven and Richard Cloward, of Columbia University's School of Social Work.

The theory that lies behind the community action program is that it is a way of empowering the powerless. It is not enough, the theory holds, for the government to distribute funds or services to the poor. What is needed is a program through which the poor learn to fight for their own rights and gain the strength that comes through the acquisition of power over the institutions that affect their daily lives. Thus, the federal government, through the Office of Economic Opportunity, has for a decade or more been subsidizing neighborhood community action organizations in the designated poverty areas to the tune of billions of dollars. The current rate of federal support is \$320 million per annum. Over the years, the program has acquired an elaborate structure and a vast bureaucracy of its own.

What has been achieved as a result of this massive operation and the expenditure of these huge sums of money? Very little, if anything, of a positive nature. However, a vast amount of mischief has been perpetrated, some of it so counter-productive as to have

contributed substantially to the rise to power not of the poor, but of conservative politicians riding a wave of backlash.

One major task undertaken by the community action agencies has been to load up the welfare rolls with every person whom they could persuade or coach to apply for welfare. The questionable theory underlying this action, as set forth by Cloward and Piven, was that when the welfare rolls are bursting at the seams, the government would be forced to enact new, revolutionary means of aiding the poor. But the actual result was that welfare became such a drain on the public treasury as to cause a wave of public revulsion against welfare recipients. Politically, the main beneficiaries of this revulsion have been George C. Wallace and various other conservative politicians. The upshot has not been a revolutionary improvement in welfare, but welfare cutbacks.

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A second, and more important, area of activity has consisted of stimulating assaults against those institutions which provide daily services for the poor in their own neighborhoods: the schools, the police, the hospitals, churches, etc. Since these are the institutions with which the poor come into daily contact, they have been targeted for community action. The result has been a virtual war against teachers, principals, doctors, hospital administrators and police authorities with the purpose of forcing them to surrender their authority and their functions to "the community." But "the community" is a nebulous entity; the concrete aim has been to turn them over to the control of the community action agencies led by professional poverty workers, or to self-appointed "spokesmen" for the community.

As a consequence of these assaults, several things have happened. 1) Because the teachers and doctors working in the ghettos are predominantly white and the city poor are largely black or Hispanic, racial and ethnic hostilities have flourished. 2) Educational, medical and social services in the poverty areas have experienced serious disruption and conflict, resulting from sit-ins, demonstrations, picketing and sometimes outright violence. 3) There is very little evidence that any of these activities have benefited the poor, made it easier for them to rise out of poverty, or made even minor improvements in their daily lives, although it is true that a small group of articulate activists have managed through the community action programs to win a place for themselves on poverty payrolls.

Fundamentally, what's wrong with community action is the theory on which it was based. That theory held that the poor constitute an organizable class capable of mobilizing itself for an ongoing struggle in its own behalf. However, the poor do not constitute a class, because they perform no function in relation to the means of production and distribution. Actually, they constitute an underclass, whose relationship to the economy is that of an outcast, and who are therefore deprived of those common class interests which



constitute the bases of group solidarity. In contrast to the working class, the poor have developed no group traditions or institutions of struggle, which are the necessary equipment for achieving and wielding power in society. Many of the poor are apathetic and individualistic; their ambitions, when they have any, are oriented toward gambling, hustling or petty crime. On those occasions when they do act in unison, it usually takes the form of a momentary, destructive outburst of violence (for example: the urban disorders of the late 60s) and then an exhausted return to quiescence.

This condition, of course, has nothing to do with any "hereditary traits" of the poor. It is a consequence of their role in society. But it cannot be overcome by the forced, artificial stimulation and subsidization from above of community action organizations, regardless of how much public money is pumped into them.

Further, the notion that the "establishment" which oppresses the poor consists of the local teachers, school principals, shopkeepers, and hospital administrators is a reactionary doctrine which serves only to stimulate conflict between the have-nots and have-littles, to the benefit of those forces, remote from the ghetto, which enjoy real power in our society.

The function of a war against poverty—a decidedly positive and desirable concept—should be to help the poor to escape from poverty, to rise up from it into the ranks of the working class, where through trade unionism and political action they can actually participate in a real quest for power, not against local teachers and doctors, but against the corporations, banks, insurance companies and big foundations that constitute the real ruling class in America.

We therefore favor the dismantling of the community action program and the re-direction of the public funds that are spent on it towards programs that enable the poor to rise out of poverty, such as day care centers for working mothers, job training and public works. In the final analysis, the answer to poverty lies in full and over-full employment, so that every available man and woman is drawn into a useful and productive role in the economy.

## Crime

Crime in America has become a problem of such serious proportions that it now threatens the survival of our urban civilization. Most urban Americans are terrorized by the alarming proliferation in recent years of murder and mugging and other violent crimes. The result has been the further deterioration of our cities as middle income citizens have fled to what they hope will be safer communities. Another consequence has been the emergence of crime as a major political issue. The inadequacy of the liberal response to the crime problem is a major reason for the defection of Middle Americans from the Democratic Party.

As socialists, we fully understand the social roots of crime in poverty, discrimination and alienation. Yet we reject the idea that is common in some liberal circles that the establishment of social

order and the guarantee of personal safety for most Americans will have to await the solution of our social problems. We also question the simplistic linking of crime with poverty. Poverty cannot explain the rise of suburban crime or the peculiarly sadistic kind of thrill-seeking, anti-social crime which has gripped the imagination of some of the affluent young. Aside from being intellectually inadequate, this analysis of crime dehumanizes the poor. By ascribing inherently criminal tendencies to the condition of poverty, it disregards and insults those among the poor who fight poverty without stealing.

As socialists, we completely disassociate ourselves from the notion that criminality is a socially progressive form of protest by the oppressed or that "law and order" are code words for racism. The traditional socialist point of view has been that violent crime has been the province of the lumpenproletariat and other pathological social elements which constitute a menace to any civilized social order, whether it be capitalist or socialist.

Finally, we regard violent crime as a form of exploitation every bit as vicious in its consequences as class exploitation. Its victims are to be found primarily among the blacks, the poor, the young and the old—groups already suffering from acute social and economic problems. Their vulnerability to criminal assault makes their struggle for a decent life immeasurably more difficult.

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Any solution to the problem of crime must focus on the need to reverse the breakdown of our system of criminal justice. A vast social effort, involving broad social planning and a substantial increase in the expenditure of government funds, must be made to improve the efficiency and effectiveness of the apprehension, prosecution, and rehabilitation of criminals:

1) *Apprehension of criminals:* Police forces must be enlarged, and police should receive better training and education. Computers and other advanced forms of technology should be employed to improve the efficiency of police precincts by cutting down on paper work which takes the police off the streets. In addition, a para-professional police corps should be established whose main function will be to deal with victimless crimes such as alcoholism and prostitution. This will significantly reduce the non-essential work of the professional police and permit them to devote much more time to the protection of public safety.

2) *Prosecution of criminals:* The over-burdening of the courts is a scandal which forces those accused of crimes to languish in jail if they can't afford bail and, in many cases where bail is available, to commit further crimes while awaiting trial. No more than 60 days should elapse from the time of arrest to the final disposition of the case, including appeals. For this to be accomplished,

a) there must be more judges, and the courts should be modernized and run more efficiently;



b) and case loads must be reduced. All victimless crimes (prostitution, marijuana, alcoholism) should be removed from criminal court jurisdiction and placed under the aegis of social agencies qualified to deal with them.

c) and great care must be taken to preserve substantive and procedural rights for all persons who may be in jeopardy of criminal or quasi-criminal sanctions imposed by any court, agency or social service.

3) *Rehabilitation of criminals*: The enormous rate of recidivism is directly attributable to unenlightened methods of rehabilitation and the failure to provide convicts skills and opportunities needed to live a productive life once out of prison. The only method of rehabilitation which we feel will have any chance of success is a job-training program in which convicts are prepared to assume productive and rewarding responsibilities when they return to the real world. An effective job-training program will require massive manpower planning and a full employment economy capable of absorbing all available skilled manpower.

## VI. POLITICAL DEMOCRACY

The Nixon Administration's use of federal power, including government investigative agencies, for partisan political advantage is a great threat to democracy. The Watergate scandal, like the problems in the economy, result from the Administration's use of the federal government to advance narrow political and economic interests at the expense of the majority. The role of top officials of the Nixon Administration in the Watergate break-in, bugging and cover-up represents an outrageous subversion of the democratic process. We fully share the views of the AFL-CIO on this dangerous development:

It is indeed a subversion of political democracy when one party, because of its access to vast and excessive sums of money, can exercise the advantages of wealth and power to pervert the Justice Department and the White House itself to undermine its opposition and cement its grip on the reins of government.

Anything that twists and distorts the democratic process is a threat to organized labor.

Anything that subordinates voters to dollars, or the rights of the many to the manipulations of the few, is against our interest. Anything that weakens public confidence in the integrity of government is hostile to the needs and values of working people.

The most vigorous and impartial investigation of these criminal acts, and the punishment of the guilty parties, no matter how high up they may be, is essential to safeguard democracy and restore confidence in the workings of the government.

New legislation is also required to fight subversion of the

political process. And to limit the power and influence of money on candidates.

Positive action is also necessary to encourage greater discussion and participation in the electoral process. A step in that direction would be allocation of free radio and TV time on an equitable basis. Another would be reforming the voter registration procedure to involve more citizens in the political process.

## VII. TOWARDS SOCIALIZED MEDICINE

The American health care system is sick, and the symptoms of the disease are all about us. Every year we spend more and more for health care, yet the quality and availability of medical services has not increased accordingly, and in some instances has actually declined. Expenditure for health care more than doubled over the last decade. Today the annual bill is close to \$80 billion—well over \$300 per person. Yet during the same period we dropped from 11th to 21st among the nations of the world in infant mortality rates. Our position also deteriorated in terms of the life expectancy of adult men and women.

Blacks suffer most of all under these circumstances (they have three times the infant mortality rate of whites and more than five years less life expectancy) but whites are also being hurt. One study estimated that the infant mortality rate among whites in 49 of 50 states is higher than the highest provincial rate in Sweden. The Swedes get better and more comprehensive medical care but spend only 5 percent of their gross national product on health services, in contrast to our own 6.7 percent. In recent years an increasing number of Americans have reached the conclusion that our health care system needs a radical cure.

Part of the problem lies in the fee-for-service system which characterizes the present relationship of most patients and doctors. Under this system the doctor determines both the amount of service and the cost, a procedure that has greatly enhanced his earning capacity. In 1964 the median income for doctors was a substantial \$28,380. Five years later the figure was over \$40,000 and has continued to increase since then.

A second problem had to do with the private health insurance industry which operates on a cost-plus basis. The hospitals set the costs and are guaranteed an income in excess of that from the insurance companies. There is thus no incentive either to reduce costs or to increase efficiency. The private insurance companies have also benefited from present procedures. One report estimates that only fifty-six cents over every dollar paid out in premiums goes into payment for health services. The rest is overhead and profit.

The recommendations that President Nixon has made to change the present health care system only reinforce some of its worst aspects. His plan relies entirely on private health insurance companies and, according to *Business Week* will provide the largest



company of all, Blue Cross, with "more business, more money." The President has called for "minimum standard health insurance protection," which leads one to believe that his plan could consist of the least expensive and most limited protection that is now provided by private insurance. The cost estimate for the Nixon program is only \$3 billion, which is a pittance compared with what is necessary.

Other plans now before Congress for catastrophic health insurance actually discriminate against the poor. One plan would have a patient pay a high percentage of all bills up to \$2000 and a lower percentage of all bills after that. Under this plan, hospital and medical expenses for an illness that costs \$10,000 would cost the patient, whether he be a worker or a wealthy man, close to \$7,500, an obviously prohibitive expense for any but the very wealthy.

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We support the National Health Security plan now before Congress as the only effective means to provide quality health care for all Americans. This plan would pay all of a patient's hospital and physician bills—for every American. It would encourage preventive medicine providing doctor and patient alike with an incentive to keep the patient healthy and avoid long, costly hospitalization. It would also reduce hospital waste, duplication and inefficiency by requiring hospitals to submit annual budgets in advance for review and permitting them to share in cost savings.

This system would be nationally planned and coordinated, unlike our present anarchic medical system. It would establish a Health Resources Development Fund which would finance the training of new health professionals and develop better means of providing health care.

The system would be financed by Social Security taxes at a rate of 1 percent of a worker's income up to \$15,000 and including a contribution by the employer of 3.5 percent of payroll. The self-employed would pay 2.5 percent up to \$15,000. The Federal government would make up the difference between these. This entire system would cost \$57 billion, more than \$20 billion less than what the nation currently spends for health care. Most of the savings would come from eliminating the health insurance company middlemen. A Health Security Trust Fund would pay bills directly to the doctor and the hospital.

Socialists proposed such a plan decades ago, but the nation was not ready to accept so radical an idea. To be sure, the National Health Security plan is not socialized medicine, but it recognizes that health care cannot be left to the "free market" and that government has a responsibility to provide every citizen, regardless of age or economic circumstance, with access to quality health care as a matter of right.

## VIII. A PROGRAM FOR TODAY

We want to see a fundamental reorganization of American social and economic life. But we do not counterpose this social-democratic vision to the reality of today. There are immediate steps that can be taken to improve the quality of life for all of our people. As we list some of these specific measures, which we join with others in supporting, we emphasize that we do not view each one in isolation but view all of them as inter-related. The Social Democrats, U.S.A. and the Young People's Socialist League therefore favor:

1) *The creation of at least one million public service jobs to alleviate unemployment.*

2) *The definition of full employment as a jobless rate not exceeding 2.5 percent.*

3) *The opening of the Highway Trust Fund to finance mass transit and the abolition of fares on all mass transit system in order to encourage the use of public transportation and thereby relieve traffic congestion and air pollution. We are in agreement with the railway brotherhoods that the railroads should be nationalized as part of a plan to reorganize the transportation system. We advocate the establishment of an effective public agency—which would include representatives of consumer groups, labor and management—to regulate and coordinate the various means of transportation and to plan for the development of a transportation system which will provide inexpensive, comfortable, attractive and efficient service.*

4) *The substitution of a guaranteed annual income for the present demeaning welfare system.*

5) *Automatic increases in the minimum wage to bring it above the government's defined poverty lines.*

6) *Drastic curtailment of government subsidies to wealthy farmers, leading toward the substitution of farm income maintenance programs for the present system of subsidies.*

7) *Establishment of a separate line of government credit for home building and an end to government subsidization of commercial interest rates.*

8) *Enactment of the Kennedy-Griffith National Health Security Bill.*

9) *Greater federal control of the defense industry. Today while the government subsidizes the producers of military equipment, it has little effective control to end inefficiency resulting from cost-plus contracts and the boondoggling at tax payers' expense. National security is too vital a matter to be left to private enterprise and the profit motive.*

10) *A GI Bill of Rights for veterans of the Vietnam war commensurate, at least, with that received by returning soldiers after World War II.*

11) *Programs specifically designed to meet the needs of the elderly in housing, transportation, safety and culture. We are particularly concerned that our older citizens who have contributed a*



lifetime of productive effort to our entire society, are entitled to live out their years of retirement with the kind of dignity and security that requires a decent standard of living. Social Security benefits today do not provide that. Many of our elderly find themselves locked up at home out of a fear of being mugged and are forced to live out their lives in loneliness and inactivity. Only government planning that meets all facets of the needs of our senior citizens can deal with this horrendous problem.

12) *Quality-integrated public education.* The schools have never been adequately financed, but their situation is even more desperate now. Direct federal categorical grants to poorer school districts, particularly those of our cities, are needed immediately. Public schools require all kinds of special services ranging from health and guidance to remedial reading—now. The new awareness of the importance of early childhood demands that more money be spent on pre-school and day care programs of all kinds. The federal government should immediately assume  $\frac{2}{3}$  of the cost of public education, a step toward the goal of full and equal federal financing of school districts. Federal funding for education must be in the form of direct funding to cities and other areas of need, and not by way of revenue sharing schemes which easily allow states to divert funds to other uses. Locally, new methods of financing the schools must be explored. Statewide property tax equalization, such as was called for in the recent California Supreme Court decision, could be a boon to poorer school districts.

This country must never lose sight of the goal of integrated public education. Integrated schools are not only better educationally, but they promote the racial contact and understanding which is essential if racial tensions are to be eased in this country. We support busing in situations where it can improve the education of all the children concerned.

13) *A comprehensive program to fight pollution and protect the environment.* It is critical that the American people understand the real reason why our environment has been raped: Growing corporate profits and the welfare of America's economic elite has been placed above the protection of pure air and water and the creation of a humane work and residential environment for all Americans. The middle-income taxpayer did not destroy our environment and he shouldn't be burdened with the cost of cleaning it up. Nixon's administrative program would do precisely this, for he would permit corporations to pass the cost of reducing pollution on to the consumer in the form of higher prices, and he would offer them tax incentives which are simply a government subsidy to irresponsible private interests.

But the question of environment has to do with more than the quality of our air and water. It is also a question of the quality of our national life, and thus cannot be adequately dealt with without overcoming poverty, urban decay and racial injustice. The problem of pollution raises only one aspect of the environment problem. It

is a critical aspect, but we must not let it distract us from attacking the whole problem.

Some conservationists, for example, by championing the economic policy of "no growth" are saying, wittingly or not, to minorities and the working people that the prime beneficiaries of a cleaner environment are the already affluent. Solutions to environmental problems that force workers to choose between a job in a polluted environment and no job at all is a Hobson's choice having no place in a democratic society. The fight against pollution requires planning which includes a concern for social justice and a commitment that the working people will not pay the cost to repair the environmental damage created by private enterprise.

14) *A federally developed program to insure a decent home for every American.* One major aim must be to wipe out the slum ghettos which are both the roots and offshoots of poverty, while their replacement would also make the greatest single contribution to sustained full employment and the rescue of the urban environment from decay. The second major aim must be to provide middle-income Americans with attractive housing within their means. These two needs must be filled simultaneously lest a situation develop where the government is subsidizing the housing needs of those receiving welfare assistance while millions of working Americans can't find adequate housing. This could only lead to divisive and debilitating conflicts at the bottom of the economic ladder while the slumlords and real estate profiteers continue to benefit.

A comprehensive program requires large increases in public outlays for land acquisition, use of federal loans or credit and other actions to drive the interest rate downward combined with a long-range planned program. Above all, housing starts are required for low and middle-income families, with annual subsidies to ensure housing costs don't place excessive strains on their budgets. The beginnings of a real assault on the problem of ill housing require at least 500,000 starts in 1973 that would be continued over a decade, compared with less than one-tenth this amount in most recent years. With close to thirty million new homes built in this decade, almost every American family should enjoy decent housing by 1980.

15) *Federal child care allowances for all families.* This program would, in effect, be of particular benefit to the disadvantaged while at the same time winning the broadest political support because of its universality. Child care allowances are provided in Canada and most Western European countries where they have been a popular and successful aid to family life.

16) *No more Watergates:* new legislation with teeth in it must be adopted which will control campaign spending and practices. The Nixon Administration's Watergate scandal demonstrates the need for much stricter laws and the establishment of an independent agency—one not subject to the manipulation of the party in power—to insure compliance and to investigate malpractices. Such legisla-



tion should set strict limits on campaign spending so that the candidates favored and supported by the wealthy will no longer have undue advantages in elections as against those of moderate or little means.

17) *A national voter registration law which establishes quick and easy procedures*, such as registration by postcard, to encourage the maximum participation of all American citizens in elections. Such legislation must end all archaic and anti-democratic voting procedures in some parts of the country whose purpose is to limit the franchise.

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## **AN INTERNATIONAL PROGRAM FOR PEACE WITH FREEDOM AND SOCIAL JUSTICE**

### **I. Introduction**

America enters the 70's unsatisfied with its past performance in foreign policy and uncertain about the future. A mood of pervasive euphoria has succeeded the bitter divisions over the war in Vietnam and the monotonous predictions that America is doomed. President Nixon claims we have achieved "a generation of peace." The conflict between East and West is presumed over while the foundations are being laid for a new and delicate balance of power. Liberals welcome the end of "cold war paranoia," while the conservatives avidly embrace the prospect of doing business with Moscow and Peking.

As social democrats we identify with the longing of the American people for a durable peace. Yet such a peace has not been achieved, and we are concerned lest its achievement be undermined by illusions about the world situation. The possibilities for peace which now exist derive not from peaceful Soviet intentions, nor from the passing of the Cold War, but from the more or less successful containment of the Soviet Union over the last quarter of a century and the growth of polycentrism in the Communist world. Moreover, the cause of peace will suffer in the long run if the ideal of international freedom is abandoned.

Only a realistic assessment of the world situation, based upon a sustained commitment to democracy, can produce the perspective and policies upon which lasting peace can be built.

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Thus, while we are aware of the potential for peace today, we must also recognize the obstacles which stand in the way of its achievement. We are troubled by the steady growth of Soviet military power in Europe, South Asia and the Middle East; by the continued political weakness of a divided Europe; by the intensification of nationalist conflict in the Third World which has diverted energies from economic development; by the limited progress that has been made toward democracy in Asia, Africa and Latin America; by the rise of international terrorism; and by the failure of the United States to harness its enormous power and wealth to the struggle for democracy and development.

We are firmly convinced that the success or failure of the struggle for freedom and equality in the world depends to a large degree on what happens in the United States. We base this position on the fundamental principle that the primary arena for socialist struggle is in the most advanced countries of the world, namely the West; and that the United States, as the leader of the West and the world's most developed country, must be won to Social Democracy if this struggle is to succeed.



Thus we are distressed at the increase in anti-American and anti-Western sentiment in recent years. Anti-Westernism has been a recurring phenomenon on the left since the time of Bakunin, and it has been a permanent fixture since the Russian Revolution. Movements of this kind invariably employ the rhetoric of socialism, but they are fundamentally anti-democratic and anti-working class, often looking to totalitarian countries for inspiration.

We draw upon our belief in socialist values and concepts in thoroughly repudiating this backward tendency. We reject the notion that radical anti-Western nationalism is identical with socialism, or that the peasantry has become a new proletariat. The effort to transform socialism from a theory of post-capitalist working class predominance to pre-capitalist peasant nationalism and populism is regressive, to say the least. However grievous the failures of the West have been in its relationship with the developing countries and no matter how much failures have contributed to the rise of anti-Westernism, we will not turn socialist theory upon its head by ascribing the vanguard role to the least developed countries of the world.

We urge American support for all democratic elements within anti-colonialist national liberation movements and would like to see vastly expanded aid programs for economic and trade union development in Asia, Africa and Latin America. In struggling to realize our views we will ally with those forces in America which share our commitment to freedom and social justice throughout the world and oppose both the conservative elements which are concerned only with profit for American business and the new isolationists who have cynically abandoned the struggle for democracy. We applaud the efforts of the American labor movement to expand free trade unionism in Europe, Asia, Africa and Latin America even as it fights to improve the lot of the American worker. Until American policy becomes as enlightened, we will constitute a loyal opposition, fighting policies we disagree with in ways that do not undermine our democratic objectives by strengthening totalitarian forces.

#### ***Our commitment to democracy has no double standards***

We will apply our democratic socialist principles consistently and realistically in articulating our international viewpoint. This is also to say that we will not indulge in the tendency now current among some liberals to apply a double standard in international affairs, demanding of non-Communist countries an unblemished record of democratic performance while assessing sympathetically the "progressive" developments in Communist countries or concluding that Communism, though undesirable for Americans, is quite all right for Chinese. While in some circles it may now be fashionable to praise Maoist China—just as it was fashionable forty years ago to praise Stalinist Russia—we will not compromise our opposition to totalitarianism, no matter what form it takes, no matter which people it enslaves.

We base our world outlook on the propositions that:

a) socialism and democracy are not simply complementary but indivisible;

b) the primary agents in the fight for socialism remain, as in the past, working class movements committed to freedom and equality;

c) the precondition for socialism is a high level of development economically, politically and socially;

d) the greatest enemy to socialism today is the world Communist movement, whether united or divided;

e) and a united and confident West under the leadership of social-democratic forces and committed to the preservation and extension of democracy, is potentially the greatest ally of the poorer nations in the struggle against poverty and oppression.

Our confidence and our fierce commitment to freedom and equality are today in sharp contrast with the mood of America. We share Alexandr Solzhenitsyn's revulsion at the resurgence of the spirit of Munich in the West. If it is true, as Solzhenitsyn says, that "The timid civilized world has found nothing with which to oppose the onslaught of a sudden revival of barefaced barbarity, other than concessions and smiles," then we are rebels against appeasement. We will not abandon the people of the East while we struggle for socialism in the West, for to us the struggle for freedom and justice is meaningful and practical only if it is an international struggle.

## **II. THE COMMUNIST WORLD**

It has become clear to all intelligent observers that the Communist world is no longer a monolith. The phenomenon of Communist polycentrism, the most dramatic example of which is the Sino-Soviet conflict, is a development of enormous significance. Not only does it frustrate Communist imperialism by forcing the two major Communist powers to focus much of their energy and military might against each other, but it also threatens the internal unity of totalitarian systems by providing the context for the development of competing viewpoints.

The rise of polycentrism puts America in a pivotal international position. Whether the United States uses this position to further the goals of peace and freedom will depend upon its understanding of the origins and nature of Communist polycentrism and its commitment to the struggle for democracy.

The spread of Soviet power into Eastern Europe and the installation of "people's democratic" regimes following the Second World War precipitated a crisis in the emergent Soviet empire. Newly invested Communist leaders in these countries, typified by Tito, tried to modify Soviet priorities by seeking adjustments to local pressures in order to solve national problems. Stalin's rejoinder in his ruthless purge of Titoism, though failing within Yugoslavia, succeeded in throttling this early, hesitant polycentric development elsewhere in the Communist bloc.



That polycentrism proliferated nevertheless disproved the identification of Soviet interests with internationalism. No Communist party in power introduced workers' democracy or the elements of a socialist economy. Instead, totalitarian and authoritarian regimes were established with a bureaucratic-collectivist stamp in forced imitation of the Soviet model. The failure of these regimes to win the support of their working classes led them to a reliance on nationalistic sentiments in their search for legitimation. The resultant "national Communism" echoed belatedly (and ironically) the Stalinist thesis of "constructing socialism in one country." In the years following the Soviet take-over of Eastern Europe, satellite after satellite—East Germany in 1953, Hungary and Poland in 1956, Czechoslovakia in 1968 and Poland again in 1970—rebelled against Soviet domination.

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Maoist opposition to Soviet predominance in the world Communist movement dated back to Moscow's looting of Manchurian industrial plants in 1945-46 and Stalin's refusal to support the Chinese Communist revolution. During the consolidation of the Mao regime, the Kremlin deployed China as a catspaw in the Korean war. When Peking was induced to take up arms against American power in Asia, Mao had to rely on the Soviet Union, but only temporarily. The competition for leadership in the Communist camp after the death of Stalin, old Chinese-Russian national grievances, and the unwillingness of Moscow to provide China with desperately needed economic aid were among the factors which deepened the Sino-Soviet split.

The brief review of these polycentric developments demonstrates an essential symmetry between national liberation struggles against capitalist imperialism and national Communist opposition to Soviet imperialism. Both oppose the center of their respective international empires, but in the Communist sphere polycentrism threatens the internal stability of the totalitarian regime itself.

The existence of separate and conflicting factions stemming from polycentrism is already recognized in the international Communist movement. Can the emergence of these factions be prevented within a given national party? To what extent will discipline and totalitarian control be maintained in a particular party if none exists at the international level? As the power of Soviet dictators has declined, the virulence of polycentrism has increased.

If unchecked, this polycentric potential holds immense consequences for all Communist parties. Not merely could there be factions competing for power in a particular party, but these factions, if they were to persist and become institutionalized, could undermine the essential totalitarian character of that party. Perhaps Mao's difficulties in restructuring an effective party as an instrument of totalitarian rule have been engendered by the presence of a Soviet sponsored pro-Moscow faction within Chinese Communism.

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America has contributed to the growth of polycentrism by preventing Russia, China and other Communist nations from contending with their internal crises through imperialist expansion. The containment of Communist totalitarianism liberates the divisive forces within the Communist bloc. If America is to encourage this development, its policy must have a political, as well as a military dimension. It must consist of action to reinforce Communist divisions, not as a means of facilitating conquest of Communist nations, but as a means of inhibiting the totalitarian regimes' freedom of action and eventually undermining their totalitarian structure. Such action should entail a policy of firmness towards Communist aggression, of flexibility in dealing with the opportunities offered by polycentrism and of stimulating the flow of ideas and information from the West to the East.

The chances of implementing a policy of encouraging and reinforcing progress toward liberalization and overthrow of the totalitarian system in the Communist world have improved markedly in recent years. To the extent that the permanent fragmentation of the international unity of the Communist bloc and the first tentative stirrings of democratic dissidence in the Communist societies can be attributed to American policies, such policies should be continued. To reverse them now, before the totalitarian structure of the Communist world has been fundamentally altered, would destroy all possibility of finding a peaceful means of winning the struggle for a democratic world.

### III. EUROPE

A dominant trend in recent years has been the steady expansion of Soviet power along the southern and western flanks of Eurasia. The USSR has moved outward with characteristic caution and persistence, a pattern that has not changed since the time of the Czars. Where vacuums have been created by the withdrawal of Western influence, it has filled them. Where divisions have existed, it has exploited them. Where divisions have not existed, it has tried to encourage them, acting on the principle that political instability and tension serve the interests of "socialism" by hastening the ultimate Soviet triumph over the West.

Other factors have slowed Soviet expansion. Where the West has shown determination, as America has done recently in the Middle East, the Soviet Union has suffered decisive setbacks. The Sino-Soviet rift has forced the Russians to seek a lessening of tensions with the West while it is preoccupied with what it perceives as a threat from the East. Persisting Soviet economic problems, and the strain which Soviet expansionist policies have put on the limping economies of Eastern Europe, have also contributed to Soviet caution. Vast American economic superiority, and the growing dependence of the USSR on American agricultural and technological assistance, are major reasons for the current Soviet interest in detente.



But despite the recent arms limitation agreement and the prevailing atmosphere of detente, we see little reason to believe that the Soviet Union has fundamentally altered its objectives in Europe. These objectives include the recognition by the West of Soviet domination of Eastern Europe, the elimination of the American presence in Western Europe and the undermining of NATO, and ultimately, the achievement of Soviet predominance in all of Europe.

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The Soviet call for a European Security Conference is designed to achieve the first objective—the formal recognition of Communist territorial gains made after World War II. The USSR's stated goals are peace and "collective security." But if the Soviet Union were interested in a genuine relaxation of tensions in Europe, it would not be so adamantly opposed to Western proposals for a freer exchange of ideas, nor would it be intensifying internal repression. The invasion of Czechoslovakia in 1968 and the enunciation of the "Brezhnev Doctrine" for the entire Soviet Bloc clearly demonstrated that the USSR intends to maintain its domination through brutal force. It is highly significant that immediately following the recent West German elections, in which Willy Brandt's policy of Ostpolitik gained broad approval, East Germany's Erich Honecker publicly declared that Germany will never be reunited and that the Berlin Wall will remain standing.

We look in vain for genuine indications of peaceful Soviet intentions. The Warsaw Pact now spends almost three times more per capita on military affairs than NATO. American military forces in Europe have decreased by over one-third during the last decade while the presence of Soviet divisions in the Warsaw Pact countries has increased by one-fifth. The number of American ICBM's remained constant over the past five years while the USSR quadrupled its missiles and now maintains a 3:2 margin over the U.S. Between 1967 and 1970, NATO military expenditures decreased by \$10 billion while expenditures of the Warsaw Pact rose by \$5 billion. During this same period, the Soviet navy was rapidly built up in the North Atlantic (where it now has a 5:1 predominance over NATO forces) and the Mediterranean, and in the Indian Ocean where it now has the decisive naval advantage.

The Soviet military build-up has been accompanied by stepped up repression of dissidents within the USSR and Eastern Europe. Under Brezhnev's policy of re-Stalinization, dissidents are being sent to jails, insane asylums and labor camps. A head tax has been levied on Jews (and non-Jews) seeking to emigrate, a policy which recalls the time when Himmler sold exit permits for Jews. Communist Party control over all institutions is being tightened.

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As the mood of detente encourages liberal dissident elements within the Communist countries by reducing international tension,

the Communist Party leadership becomes fearful and often intensifies repression. The Communist leaders thus have little stake in seeking detente as an end in itself. They see it as a potential Trojan horse transporting Western political and cultural influence into their closed totalitarian system, and they fear that their own population may interpret the relaxation of external tension as a harbinger of a similar internal liberalization. The political and economic factors which motivate their current interest in detente, therefore, have little to do with a serious interest in peace. Just as war always strains the fabric of a democracy, peace undermines totalitarian tyranny. There is a real danger that if present trends continue, Western Europe will fall increasingly under Soviet dominance. It could in time, be forced to recognize the superiority of Soviet power, accommodate to Soviet wishes, sever its alliance with America, and ultimately become part of the Soviet sphere of influence.

We fear that a pattern will emerge for all of Europe similar to that in Finland where Social Democrats are permitted into the cabinet only on the condition that they support Moscow's candidate for president. The Scandinavian countries are now under immense Soviet pressure which is backed up by a 5:1 superiority of Warsaw Pact forces in the Baltic Sea. Austria has been told not to join the Common Market, and the Soviet leaders clearly stated that they would regard the failure of the German Bundestag to ratify the Soviet-German treaty as a hostile act.

We believe that a strong, independent, united, free Europe is an essential precondition for the maintenance of peace and the advancement of social democracy. Consequently we urge:

- 1) The strengthening of unity in Western Europe, both politically and economically. The European economic revival and the growth of the European Economic Community are among the most important developments since World War II, but if this is not matched by a democratic political revival and cooperation it may not be possible to reverse the trend toward Soviet predominance over the European continent.

- 2) The maintenance of NATO at full strength. Europe must be encouraged to take on more and more of the burden of its own defense, but until such time as it is in the position to guarantee its own security, American assistance will be necessary. The maintenance of a strong and credible NATO defense, as social-democratic leaders such as Willy Brandt and Bruno Kreisky have insisted, remains a top priority for Western policy in Europe.

- 3) The continuation of efforts toward arms control. America must make every effort to negotiate strategic arms limitations agreements with the Soviet Union based upon the principle of equality in both offensive and defensive strategic weapons. If America abandons this principle and resigns itself to strategic inferiority, it will tempt the Soviet Union to engage in political blackmail and to exacerbate local conflicts, thus increasing the possibility of a larger war.

- 4) Increased concern for the safety of dissidents and the condi-



tion of all people in Communist countries, in light of the USSR's great need for increased trade and technological assistance from the West, America is in a position to exercise influence on behalf of the human rights of Soviet dissidents. Among these rights is the right to emigrate which the Soviet Union has officially recognized, though it continues to violate this right, most notably in the case of Jews.

5) Democracy for Greece, Spain and Portugal. The reactionary Greek junta, the Falangist dictatorship in Spain and the authoritarian Caetano regime in Portugal continue a savage reign of terror against all political opposition. We urge all efforts, including economic and diplomatic pressure, to hasten the return to representative democracy in Greece and to encourage the democratic forces in Spain and Portugal fighting for freedom and justice.

#### IV. SOCIAL DEMOCRATS AND DETENTE

It is in this overall context that we support efforts to achieve detente, such as Willy Brandt's *Ostpolitik*, even as we remain skeptical about Soviet intentions and are apprehensive about the future security of Western Europe.

Just as the West has sought, largely successfully, to counter Communism when it posed a military threat, it should welcome and respond positively to a situation where the struggle, at least for a time, will be pursued by the Communists largely through political rather than military means. Social Democrats, of course, will welcome this struggle for men's minds, for we recognize that socialist democracy is a far more attractive idea to the masses of Eastern and Western Europe than either Communist totalitarianism or the reactionary systems in countries such as Spain, Portugal and Greece. Social Democrats can respond confidently to the political challenge offered by the Communists' conception of "Peaceful Coexistence." We understand something that other enemies of Communism do not: that millions of people united behind an idea can be more powerful than military threats or deterrents. Thus we must take up the Communist political challenge as well as the military one.

We advocate political and economic measures that will enhance the prospects for a stable peace in Europe, encourage the polycentric development in the Communist camp, aid the freedom struggle against Communist and other forms of authoritarianism, and strengthen the forces in the U.S. which hold a democratic and internationalist world outlook. And we offer not only an appealing idea but, together with our fellow member parties of the Socialist International, a movement of millions who seek peace and freedom.

Central to this policy of transforming the struggle from the military to the political realm is the struggle for the multilateral renunciation of the use of force. This renunciation provides the foundations for the bettering of relationships between East and West. In the process of achieving European security on this basis, it will be possible to dismantle the concentration of conventional and nuclear means

of destruction in Europe, and to put an end to the confrontations on the continent. Then it will be easier to establish a true European security system. Social Democrats favor putting forward a wide range of proposals for bilateral disarmament which, in the long run, can lead to dismantling military alliances such as NATO and the Warsaw Pact.

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Socialists not only favor initiative for relaxations of tensions in Europe, that might otherwise lead to military conflict, but we put forward a positive program for strengthening democracy and advancing its cause where it does not yet exist. While the Communists advocate peaceful co-existence, Social Democrats propose *detente with freedom*.

Toward this end we favor political, social and cultural exchange between Western and Eastern Europe. Democracy has nothing to fear from any exchange of ideas. Such initiatives toward normalization of relations between East and West may also provide a measure of breathing space for the embryonic anti-totalitarian forces within Communism.

In proposing a normalization of relations, it is not our intention to ignore or pretty up the ideological differences between East and West in Europe. They are fundamental. Guided by this understanding, we support the position of the International Confederation of Free Trade Unions (ICFTU) in regard to the question of multilateral relationships between free trade unions and Communist labor organizations. The ICFTU recently reaffirmed its position of opposition to any joint activity with Eastern Europe's Communist-controlled "trade unions" as the "objectives of the international free and democratic trade union movement could be best attained through intensification of its work within its own institutions." To do otherwise would be to legitimize Communist totalitarian labor fronts such as that in the USSR run by the former head of the GPU, Shelepin. To accept the legitimacy of Communist unions would be to turn our backs on the workers in Eastern Europe where aspiration for democracy was demonstrated during the revolts in East Germany, Poland, Hungary and Czechoslovakia. Furthermore, to equate free trade unions with totalitarian organizations which crush workers' rights would help to provide the Communists with new opportunities in Western Europe to subvert the objectives of the democratic labor movements. Thus we oppose any activities that foster illusions about Communist labor fronts and agree with the ICFTU that any proposals for cooperation on issues of general humanitarian concern should be channeled into the U.N. body, the International Labor Organization (ILO). Relations between States or within international bodies is one thing, while common efforts between democratic and totalitarian institutions are another.

In calling for the normalization of relations between East and West, we stand opposed to any Communist attempt to make a condition of coexistence that democrats end all criticism of totalitarianism.



In upholding this principle, we keep faith with the Eastern European masses who desire "socialism with a human face," and we also show our solidarity with the Eastern European Social Democratic parties in exile which seek to advance this noble cause.

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American Social Democrats and liberals who desire peace with freedom in the world can only look with enthusiasm and hope on the growth and success of the social-democratic forces in Western Europe. In almost every European country today, mass social-democratic movements are in power or exert considerable influence on their governments and in broader European bodies and institutions. We favor support to such institutions as the European Economic Community which encourage political, economic and military integration among the democratic states of Western Europe. A united West will not have to accept detente on Soviet terms but can negotiate from strength.

The integration of a Western Europe heavily influenced by the Social Democrats might also weaken or transform Communist movements in the West. Many Western Communists have tolerated regimentation during the height of the cold war: they have been kept in line by what the leadership pictured as the imminence of the final conflict between Communism and capitalism. A Social Democratic ascendancy changes the entire picture and could pressure Western Communist parties to differ with the Soviet Union on major issues. Such a development can also encourage a desire, among rank-and-file Communists, for democratic rights and procedures.

As a consequence of the detente, the subject of electoral alliances and other forms of political cooperation with Communist parties and governments has become a source of controversy among Democratic Socialists. We take the view that all democratic parties, not just socialists, should resist proposals for cooperation with the same energy and skill that they used in the past when Communist strategy depended more on blatant military force. Different tactics may be called for but the principle remains the same.

Growing social-democratic power in Europe also gives moral support to those denied freedom by the Communists in Eastern Europe and by the right-wing dictatorships in some Western European countries. European Social Democrats will be in a position to put pressure on the anti-democratic regimes which desire loans and a favorable trade policy. In return for these benefits these regimes can be pressured to modify their systems and to end their denials of human rights.

On another level, a Western Europe under social-democratic leadership can offer economic aid without strings to the developing nations looking for an alternative to both Communism and capitalism. This will also assist American socialists and liberals who seek to change U.S. foreign policy. In its contest with Communism, the U.S. has supported a wide variety of governments, ranging from social-democratic to reactionary. The American Government has maintained

that anti-democratic regimes are a lesser evil than Communist totalitarianism and that support to them (and in some cases independent-minded authoritarian Communist ones such as Yugoslavia and Rumania) is consistent with U.S. interests in the Cold War. An Independent European economic and political policy, guided by the Social Democrats, can support the embryonic democratic forces in the Third World and thereby encourage and aid American socialists and liberals who seek to turn the U.S. toward a consistently democratic foreign policy.

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Social Democrats, U.S.A. advocates a realistic, not a utopian, course to meet the changing developments in Europe and elsewhere. We realize that we must do more than unmask the false pretensions of capitalism and Communism. Even as we work for social democracy, we know that the political, economic and military power of capitalism and Communism are not on the verge of collapse. While these two exploitive systems exist, while socialists struggle for a humanitarian alternative, we must help foster peaceful co-existence between these two systems. We know that neither freedom nor economic justice will emerge out of the ruins of war between East and West.

However, while holding and maintaining a realistic concept of coexistence, Social Democrats have more to say about the dangers of war than Kissinger or Kosygin. The cause of peace is not furthered by a capitalist system that asks mankind's support for freedom but denies millions of the Earth's people the means to enjoy freedom. Nor, on the other hand, can it be fulfilled by a Communist system which exploits the desire of people for economic justice and equality in order to imprison them in a brutal dictatorship. Neither capitalism nor Communism deserves mankind's allegiance or sufferance.

Our view of the way to advance peace and freedom is not based on abstract pacifist ideals or concerns of national honor, but on the real needs and aspirations of mankind. Ideologies, their harbingers and followers, over and over again disregard the fundamental ethical principles of coexistence outlined here because they want to improve or sacrifice mankind, to preserve the purity of their doctrines, or to get the better of other doctrines. It is not possible to sow the seeds of lasting peace between such forces. A policy for peace must make it clear that neither states nor ideologies are ends in themselves, but they are there to serve mankind.

## V. THE MIDDLE EAST

The Middle East is faced with the same threat as Europe—the growing presence of the Soviet Union. By exploiting the Arab-Israel conflict and other local disputes, the USSR has dramatically increased its military and political influence in the region. Soviet expansionism in the Middle East presents a continuing menace to Israel's security and dangerously aggravates international tensions. It constitutes an immediate threat to the independence of Turkey



and Iran, and a long-range danger for Europe and Japan, both of which are dependent on Middle Eastern oil resources and could thus be vulnerable to Soviet threats to cut off their energy supply.

The issues are starkly drawn in the Middle East. Israel, a small democracy ruled by a Socialist government based on a vigorous labor movement, is menaced by an alliance of terrorists and backward Arab dictatorships which together receive massive military and political support from the Soviet Union. We urge support for Israel on moral grounds, and also because such a policy contributes to peace in the Middle East by obstructing Arab adventurism and Soviet expansionism. The recent Soviet exodus from Egypt is attributable to several factors, not the least important of which is the American abandonment of the "even-handed" Rogers Plan, and the adoption of a policy of support for Israel based upon a clear recognition that the Soviet drive for hegemony is the central problem in the Middle East today. The new American determination, combined with Israeli military strength and the Soviet preoccupation with China, has forced Moscow to be unusually cautious in its support for the Arabs. Its reluctance to back Egypt all the way, and thus risk involvement in a new and costly war, released latent nationalist hostility in Egypt toward the Soviet intruders. The result was Sadat's ouster of Soviet troops, Moscow's quick compliance, and a more stable overall situation than has existed for some time in the Middle East.

We doubt that such stability will be permanent. Arab terrorists will stop at nothing to disrupt the situation, Arab governments still refuse to recognize Israel's existence, and the Soviet Union has not withdrawn from the Middle East but only shifted its involvement. It is now consolidating its position in Iraq, Syria and the oil rich Persian Gulf where the chances of its being drawn into the volatile Arab-Israel conflict are somewhat reduced. From a long-term perspective, the Soviet Union has not abandoned its goal of hegemony over the Middle East but has only diversified its tactics. The fundamental causes of conflict in the region thus remain unchanged. The interests of peace and democracy in the region will be served by:

- 1) The continuation of the policy of maintaining a balance against Soviet expansion in the Middle East.

- 2) A peace agreement between Israel and the Arabs, achieved through direct negotiations between them, in which all outstanding issues including the establishment of secure and recognized borders and the resolution of the refugee question will be settled.

- 3) The adoption of strong measures to put a stop to international terrorism. Such measures should include economic sanctions compelling countries that provide a haven for terrorists to withdraw their protection; an international treaty providing for sanctions, including multilateral air boycotts, against any nation which harbors hijackers and refuses to cooperate in their punishment or extradition or in the immediate release of hijacked passengers, crews and airplanes; and economic boycotts by free trade unions against any nations that assist or protect terrorists in any way.

## VI ASIA

Asia has undergone tremendous changes in the past few years. The progress towards a cease-fire in Vietnam and the withdrawal of American forces offers some hope for a lasting settlement of the bitter Vietnam war. Improved American relations with China, the India-Pakistan war and the emergence of Bangla Desh, (which increased strains in American relations with India and Japan) and the growing Soviet military and naval position in South Asia were among the other major developments in the changing political life of Asia.

The people of Indochina, the United States and the entire world yearn for peace in Vietnam. Millions around the globe greeted with joy and relief the political settlement reached in Paris and pray that this will lead to lasting peace.

The proposals accepted, at the peace table, by the contending forces include: an internationally supervised cease fire; democratic elections in which all South Vietnamese political groups can participate, organized by a commission made up of the Saigon government, the National Liberation Front and the neutralists; and the withdrawal of U.S. troops from Vietnam and a decrease in the involvement of North Vietnamese troops in the South. Also being considered are proposals for a bilateral reduction of North and South Vietnamese military forces; and for a cease fire throughout Indochina and the withdrawal of both North Vietnamese troops and U.S. military advisors in Cambodia and Laos, where steps toward negotiations between the combatants are also under way.

These are the essential elements in the kind of peaceful and democratic settlement of the war which Social Democrats, U.S.A. and the Young People's Socialist League have advocated and worked for since the beginning of this tragic conflict. We do not minimize the difficulties in implementing such a settlement. Among the hazards are the legitimate suspicions of the combatants and the problems presented by the attempt by both sides to achieve military and political advantage. For any lasting settlement there must be assurances and safeguards for the anti-Communist and neutralist nations of Indochina that the North Vietnamese will not use the occasion of a U.S. withdrawal to unleash a new military campaign aimed at conquest or to step up its terrorism for the purpose of eliminating or forcing the political opponents of Communism to surrender. Likewise, the North Vietnamese have a right to assurances that after a military settlement which leaves the Saigon government intact, President Thieu will not use his military and police power to crush or eliminate the Communist political cadres and their sympathizers in the South. It is necessary further that world opinion speak out on behalf of the rights of those political forces in South Vietnam not represented at the conference table which otherwise might be ground to bits between the two armed camps or allowed no voice in shaping the destiny of their country.

Both sides are obviously still involved in political and military



maneuvering to win what they have not won in the war and what might be against the wishes of the Vietnamese people if they could truly express them.

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Social Democrats refused to accept either a surrender to Communist force disguised in the form of a coalition government imposed on the South Vietnamese people nor supported any efforts to bomb Hanoi into submission. The first, we maintain, would be an outrage to democratic principles and the second could only be accomplished by taking a terrible toll of human lives. In the face of propaganda destined to confuse the issues in dispute, those seeking peace and freedom for South Vietnam must continue to insist on a political and democratic solution. This can occur only one way—through an internationally supervised cease-fire and democratic elections. Such a settlement is necessary to stop all the killing and to offer the South Vietnamese people an opportunity for true self-determination. This is essential in order to create conditions throughout Southeast Asia conducive to peace, stability and economic progress and encourage detente between the great powers both there and elsewhere.

One hopeful sign in what appears to be a gloomy situation is the recognition by both sides that total victory cannot be achieved, as indicated both by the limitations on their present military activities and by their present verbal commitment to the conditions and compromises necessary if peace is to be achieved. The job of democratic socialists and liberal internationalists is not over. We must continue to press on to ensure that both sides abide by the cease-fire and to aid democratic forces such as the free labor movement so that the South Vietnamese have a free choice in the elections, and that massive economic and technical aid is provided through international channels for reconstruction and economic development in all of Indochina.

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In the rest of Asia, American policy has fallen far short in promoting the goals of peace, freedom and economic development. During the recent war between India and Pakistan, the American government showed a callous disregard for the principles of democracy. At first the Administration failed to condemn the barbaric repression of political opposition in East Pakistan. In the war that followed this repression, it showed much greater interest in maintaining good relations with the military dictators of Pakistan and their Chinese Communist allies than in seeking a democratic solution to the crisis in East Pakistan or in improving American-Indian relations.

Since Bangla Desh became an independent state, America has provided desperately-needed economic and technical assistance. We urge increased aid in order to help that tortured country during its recovery from the war and in its future development. Moreover, it is especially important that America make every effort to improve its relations with India, a democracy of over 550 million people. The recent treaty between India and the Soviet Union, which reflected in

part the opposition of both countries to China, should not deter America from re-establishing a close friendship with India. Our goal should be the strengthening of the democratic forces and institutions in India, which could succumb to pressure from pro-Soviet elements. Renewed U.S.-India friendship would improve America's image in Asia and would also greatly help India which has received ten times more economic aid from America than from Russia over the past eighteen years.

A democratic American policy in Asia must also be based on the maintenance of close ties with Japan, which is now the third largest economic power in the world and far and away the dominant economic force in Asia. President Nixon's failure to consult with Japanese leaders before announcing his planned visit to China was a damaging mistake which alarmed pro-Western elements in Japan. In view of Japan's economic strength, it will undoubtedly play an increasingly independent role in the years ahead, but our country must make every effort to sustain Japanese-American friendship. We should encourage the growth of the democratic forces in the Japanese labor movement which would be a strong force for freedom and social justice, as well as a means to increase Japan's domestic market and thereby protect American workers whose jobs are threatened by low-priced Japanese imports.

## VII. AFRICA

American policy in Africa has erred both by omission and commission. We have neglected this vast and varied continent which today receives less than 10 percent of our total foreign aid and less than 4 percent of our investment abroad. Yet even this paltry financial contribution has not been made to spur development but to advance American strategic objectives in northern Africa and to gain profits for American corporations in southern Africa. One third of American private investment in Africa has been in one country—South Africa. Through a special sugar quota, the U.S. pours millions of dollars every year into the pockets of South African whites, thereby strengthening the apartheid system. The reasons for America's backward policy are many, not the least important being pressure from special interests in America—corporations which have investments in southern Africa and especially segregationists who have great influence with an Administration anxious to capture the South for the Republican Party. As a result, our policy continues along a reactionary course, and the consequences could be disastrous.

America must drastically alter its priorities in dealing with Africa, making our central objectives democracy and rapid economic development. For the 42 African states, we should expand our aid program and reform the methods of assistance, placing special emphasis on the need to develop stabilizing democratic institutions such as unions, cooperatives and democratic political parties. Only



policies of this kind can help provide stability and democracy for Africa and reverse the dangerous trend toward tribalism, civil war and authoritarianism.

In southern Africa, America must do all it can to encourage a peaceful and democratic resolution of the explosive racial crisis. We should give clear indications of our support for democratic nationalist movements in Angola, Mozambique, Rhodesia and South Africa. In addition, we should pressure those corporations which have investments in South Africa to upgrade the skills and working conditions of black workers and to extend to them basic trade union rights. We should support the United Nations embargo on Rhodesia and register our strong protest against the sale of arms by Britain and France to South Africa. Such modern weapons not only defend the system of apartheid, but in the event of a conflict they could be used to devastate South Africa's black population.

If America continues to respond to racist and corporate pressure in determining policy for southern Africa, not only will the people of that region suffer the violent consequences, but America's image throughout all of the developing countries will be irreparably damaged.

## VIII. LATIN AMERICA

It is time that the United States once again has a well defined policy in its relations with Latin America. Since the death of President Kennedy and with that, the death of the Alliance for Progress, there have been no clear lines of policy in United States relations with the other countries of the hemisphere. As a result powerful interest groups in both parts of the hemisphere have been able to determine (in accordance with the amount of pressure they have been able to bring to bear) specific actions by the United States in the area.

The new basis for relations between the United States and Latin America must take several basic facts into consideration:

- Since World War II, Latin America has made very substantial economic progress, several of the countries have become predominantly industrial and urban, with integrated manufacturing sectors in their economies. Economic development has brought a new self-confidence to the Latin American countries, as reflected in the Consensus of Vina del Mar and other recent pronouncements of the governments of the area, which in effect have stated their willingness to get along without the help of the U.S. if that help was not forthcoming on mutually acceptable bases. The era of paternalism and bullying of the Latin American countries by the United States is thus at an end.

- A number of the Latin American countries have reached a level of industrialization which now makes it feasible for their manufacturing sector to compete to some degree in international trade. However, to a large degree the market in the highly industrialized countries, which would be the logical outlet for most of the industrial

exports of the Latin American countries are closed by government action. In spite of recent economic progress of Latin America, the United States does remain the outside power which has the greatest influence in the Latin American area, and particularly in the smaller countries of the region. We should seek to use this influence deliberately to achieve objectives which are in the interest of both parts of the hemisphere and not allow it to be prostituted by landed oligarchies and American corporations.

- In spite of the very substantial progress in economic development which has characterized Latin America since World War II, this development has frequently tended to lag behind the "revolution of rising expectations" and has been mitigated by the very rapid increase in the population of the Latin American economies, which can still be substantially helped by aid in the form of capital resources and technical assistance from the outside. Latin America is going through a profound process of social transformation, amounting to a social revolution. This process is irreversible, and the only question at issue is that of what kind of leadership is going to bring about this social revolution.

- The issue of democracy versus dictatorship is still a very live one in Latin America. It has merely become more complex, by the advent of new kinds of dictatorships, including Communist totalitarianism and a new reformist militarism which now exists beside the more traditional conservative military tyrannies.

In light of these factors, United States policy towards Latin America should be oriented towards the following objectives:

- 1) Helping the Latin American countries to continue and expand their process of economic development. To this end the United States should augment its aid program for Latin America, making it a cooperative program among the countries of the hemisphere and channeling aid as much as possible through the Inter-American Bank and technical assistance institutions which are a part of the Organization of American States.

- 2) Opening United States markets fully to those industrial exports which the Latin American countries are in a position to sell us. In this connection immediate steps should be taken to fulfill the promise made by President Nixon at the beginning of his administration, that Latin American countries would be given preference in imports.

- 3) Making clear our sympathy for progressive democratic regimes, parties and organized labor forces in Latin America, that is, those which are seeking to bring about the needed social transformation and economic development of their respective nations within the framework of a democratic political system. Similarly, forces of the Democratic Left in this country should establish closer and stronger relations with their counterparts in Latin America.

- 4) Making it clear that it is the position of the United States Government that United States-based firms which make investments in Latin America do so at their own risk, and that the U.S. Government



is not going to sacrifice the broader objectives of its own policies in order to defend such enterprises when they run into difficulties with Latin American governments. Specifically, the announced policy of blocking loans by international agencies to those governments which have expropriated United States firms should be abandoned.

In addition to these general lines for the Latin American policy of the United States, there are some specific measures which we think are of great importance in the present relationship between the two parts of the hemisphere:

1) The United States Government should cease harassment of the Allende regime in Chile such as its own refusal to grant even modest economic aid to that regime, and its blocking of aid projects in international agencies. The Government should bring pressure on the Kennecott Copper Company to cease its moves to block sales of Chilean copper in Europe. U.S. harassment only strengthens elements within the Allende regime which would like to make the U.S. a scapegoat for their own gigantic economic problems and which wish to use an anti-Yankee campaign as a weapon to impose a so-called "dictatorship of the proletariat" on Chile. If the Allende government fails, it should get full blame for its failures.

2) The United States should abandon its opposition to the 200 mile sea frontier claims of the Latin American countries, insofar as these concern fishing and mineral rights. Our only insistence should be upon the right of passage for ships of all nations outside of a much more limited sea frontier.

3) Although we support negotiations with Cuba for a treaty covering airplane hijacking, and favor freedom of travel to and from that country, we think that any further moves to change the present relations between this country and the Castro regime should involve insistence by the United States on a complete abandonment by the Castro regime of attempts to overthrow other Latin American governments and some loosening of the bonds of the Castro dictatorship.

## IX. CONCLUSION

It is our great hope that someday an international institution will be established which is capable of preserving peace and promoting democratic ideals. At one time it was hoped that the United Nations would serve this function, but in its current state it has proven unequal to the task. In the absence of a strong and effective international institution, other methods must be found to achieve peace and further the cause of freedom and social justice. Thus our deep concern with the policies of the United States reflects our view that America has an unusually important role to play if progress is to be made toward the fulfillment of our internationalist ideals. Our knowledge of the far-reaching importance of our country's policies lends an added sense of urgency to the struggle for social democracy in America.